SECURITIES AND EXCHANGE COMMISSION
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Company Information

SEC Registration No.: CS201810188
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Industry Classification: K66120
Company Type: Stock Corporation

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Document Code: SEC_Form_52-AR
Period Covered: December 31, 2024
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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201810188

Company Name

CABALLES-GO SECURITIES, INC.

Principal Office (No. / Street / Barangay / City / Town / Province)

16F ROBINSONS EQUITABLE TOWER
ADB AVE. COR. POVEDA STREET
ORTIGAS CENTER, PASIG CITY
1600

Form Type	Department requiring the report	Secondary License Type, If Applicable
52-AR	CRMD	BROKER

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
admin@caballes-go.com	7777-8970	0917-1206074

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
7	EVRY LAST TUESDAY OF JUNE	12 / 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Edwin G. Oliveros	admin@caballes-go.com	7777-8970	0918-9575230

Contact Person's Address

16F ROBINSONS EQUITABLE TOWER, ADB AVE. COR POVEDA ST, ORTIGAS CENTER, PASIG CITY

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and / or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)
ANNUAL AUDITED FINANCIAL REPORTS
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2024

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
Metro Manila, Philippines

ANNUAL AUDITED FINANCIAL REPORT

Information Required of Brokers and Dealers Pursuant to Rule 52.1-5 of the Securities Regulation Code

Report for the Period Beginning January 1, 2024 and Ending December 31, 2024.

IDENTIFICATION OF BROKER OR DEALER	
Name of Broker/Dealer	: **CABALLES-GO SECURITIES, INC.** ***(Formerly: MVG Securities, Inc.)***
Address of Principal Place of Business	: 16th Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City
Name and Phone Number of Person to Contact with Regards to this Report	
Name	: Patrick Henry C. Go
Mobile Number	: 0998-8400-800
Fax Number	: N/A

IDENTIFICATION OF ACCOUNTANT	
Name of Independent Certified Public Accountant whose opinion is contained in this Report:	
Name	: Pamela Grace S. Tangso MENDOZA TUGANO & CO.
CPA Certificate No.	: 0118635
SEC Accreditation No.	: 2022070060056-19
Tax Identification No.	: 249-790-835
BIR Accreditation No.	: 08-008188-003-2024
PTR Number	: 10473024
Date Issued	: January 6, 2025
Tel. Number	: 8887-1888
Fax Number	: N/A
Address	: 16th Floor, The Salcedo Towers, 169 H. V. Dela Costa Street, Salcedo Village, Makati City

CABALLES-GO
SECURITIES
(formerly MVG Securities, Inc.)

16F Robinsons Equitable Tower
ADB Avenue corner Poveda Street
Ortigas Center, Pasig City 1605
+63 2 7777 8970 • caballes-go.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

May 27, 2025

Securities and Exchange Commission
Salcedo Village
7907 Makati Ave.
Makati City 1209

The management of **Caballes-Go Securities, Inc.** *(formerly MVG Securities, Inc.)* is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

Mendoza Tugano & Co., CPAs, the independent auditor appointed by the stockholders for the years ended December 31, 2024 and 2023, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Patrick Henry C Go
President

Victoria C Pulmones
Chief Financial Officer

SUBSCRIBED AND SWORN TO, before me this 29th day of May 2025, at Pasig City, exhibiting to me his/her Passport

MAY 30

Name	Passport No.	Date Issued	Place of Issue
Patrick Henry C Go	P2304608B	June 24, 2019	DFA NCR Central
Victoria C Pulmones	P0889433B	March 2, 2019	DFA NCR Central

Doc. No. 170
Page No. 35
Book No. 4
Series of 2025

ATTY. ANTONIO B. BETITO
Notary for Pasig City
Commission No. 168 (2025 – 2026)
708 Mega Plaza, ADB Ave., Pasig City
Attorney's Roll No. 27614
IBP No. 498596/1/05/25/Rizal
PTR No. 2953250/1/03/25/Pasig City
MCLE Compliance No. [illegible] April 24, 2025

MENDOZA
Tugano & Co., CPAs

16th Floor, The Salcedo Towers 169 H.V. de la Costa Street, Salcedo Village, Makati City, 1227 Philippines

(632) 8887-1888 | www.mtco.com.ph

SUPPLEMENTAL STATEMENT
OF INDEPENDENT AUDITOR

The Board of Directors and Stockholders
Caballes-Go Securities, Inc.
(Formerly: MVG Securities, Inc.)
16th Floor, Robinsons Equitable Tower,
ADB Avenue corner Poveda Street,
Ortigas Center, Pasig City

We have examined the financial statements of Caballes-Go Securities, Inc. for the year ended December 31, 2024, on which we have rendered the attached report dated April 25, 2025.

In compliance with Revised SRC Rule 68, we are stating that the said Company has a total number of two (2) stockholders owning one hundred (100) or more shares.

For the Firm: **MENDOZA TUGANO & CO., CPAs**

PAMELA GRACE S. TANGSO
Partner
CPA Certificate No. 118635
BOA accreditation No. 9682/P-003
Valid from May 08, 2024 to July 18, 2026
TIN 249-790-835
BIR Accreditation No. 08-008188-003-2024,
December 03, 2024, valid until December 02, 2027
PTR No. 10473024, January 6, 2025, Makati City

April 25, 2025

MENDOZA
Tugano & Co., CPAs

16th Floor, The Salcedo Towers 169 H.V. de la Costa Street, Salcedo Village, Makati City, 1227 Philippines

(632) 8887-1888 | www.mtco.com.ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Caballes-Go Securities, Inc.
(Formerly: MVG Securities, Inc.)
16th Floor, Robinsons Equitable Tower,
ADB Avenue corner Poveda Street,
Ortigas Center, Pasig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caballes-Go Securities, Inc. ("the Company"), which comprise the statement of financial position as of December 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Notes 2 and 21 of the financial statements, which describe the Company's adoption of full Philippine Financial Reporting Standards (PFRS) effective January 1, 2024, following its transition from PFRS for Small and Medium-sized Entities (PFRS for SMEs), in compliance with regulatory requirements applicable to broker-dealers of securities. As a result of this transition, the comparative financial statements for 2023 have been restated to conform with the recognition, measurement, and disclosure requirements of full PFRS. The Company has not presented a third statement of financial position as at January 1, 2023 (i.e., for the year ended December 31, 2022), as such presentation was assessed to be impracticable in accordance with PAS 1, *Presentation of Financial Statements*.

Further, the Company corrected prior period errors, including the derecognition of a foreign currency denominated investment previously classified as a financial asset at fair value through profit or loss (FVTPL), along with related adjustments to deferred tax and the classification of financial assets. Certain income and expense items in 2023 were also adjusted accordingly.

Our opinion is not modified in respect of these matters.

Other matter

The accompanying financial statement of the Company as of December 31, 2023 and for the year then ended were audited by other auditors who expressed an unqualified opinion on those statements on their audit report dated April 15, 2024.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Caballes-Go Securities, Inc. taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue as disclosed in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

For the Firm: **MENDOZA TUGANO & CO., CPAs**

PAMELA GRACE S. TANGSO
Partner
CPA Certificate No. 118635
BOA accreditation No. 9682/P-003
Valid from May 08, 2024 to July 18, 2026
TIN 249-790-835
BIR Accreditation No. 08-008188-003-2024,
December 03, 2024, valid until December 02, 2027
PTR No. 10473024, January 6, 2025, Makati City

April 25, 2025

CABALLES-GO SECURITIES, INC.

(Formerly: MVG Securities, Inc.)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

(With comparative figures for 2023)

(Amounts in Philippine Peso)

	Notes	2024	2023 (as restated)
ASSETS			
Current Assets			
Cash and cash equivalents	2, 4, 5	**₱403,642**	₱28,434,685
Financial assets at amortized cost	2, 4, 6, 19	**–**	10,023,414
Financial assets at FVTPL	2, 4, 6, 19	**27,206,890**	28,738,903
Financial assets at FVOCI – net	2, 4, 6, 19	**6,977,969**	10,022,997
Trade and other receivables	2, 4, 7, 19	**663,817**	–
Prepayments and other current assets	2, 8	**1,004,154**	66,572
Total Current Assets		**36,256,472**	77,286,571
Noncurrent Assets			
Financial assets at FVOCI	2, 4, 6, 19	**56,524,125**	24,637,427
Property and equipment – net	2, 3, 4, 9	**12,728,146**	–
Deferred tax asset	2, 3, 4, 13	**2,160,105**	393,224
Other noncurrent assets	2, 4, 10, 19	**310,892**	–
Total Noncurrent Assets		**71,723,268**	25,030,651
TOTAL ASSETS		**₱107,979,740**	₱102,317,222
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	2, 4, 11, 19	**₱1,189,752**	₱400,142
Lease liability	2, 4, 12, 19	**1,098,261**	–
Total Current Liabilities		**2,288,013**	400,142
Noncurrent Liabilites			
Lease liability	2, 4, 12, 19	**4,515,829**	–
Total Liabilities		**6,803,842**	400,142
Stockholders' Equity	2, 4		
Capital stock		**105,000,000**	105,000,000
Deficit		**(3,609,464)**	(3,082,920)
Unrealized loss on fair market value of financial assets at FVOCI – net of tax		**(214,638)**	–
Total Stockholders' Equity		**101,175,898**	101,917,080
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**₱107,979,740**	₱102,317,222

See accompanying Notes to Financial Statements.

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2024
(With comparative figures for 2023)
(Amounts in Philippine Peso)

	Notes	2024	2023 *(as restated)*
ADMINISTRATIVE EXPENSES	14	**(₱6,738,236)**	(₱18,957)
LOSS FROM OPERATIONS		**(6,738,236)**	(18,957)
OTHER INCOME – net	15	**4,516,357**	333,539
INCOME (LOSS) BEFORE INCOME TAX		**(2,221,879)**	314,582
BENEFIT FROM INCOME TAX	13	**(1,695,335)**	(1,010,744)
NET INCOME (LOSS)		**(₱526,544)**	₱1,325,326
OTHER COMPREHENSIVE LOSS			
Unrealized loss on fair market value of financial assets at FVOCI	4	**(286,184)**	–
Income tax effect	13	**71,546**	–
		(214,638)	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱741,182)**	₱1,325,326

As of December 31, 2024, the Company has not yet commenced commercial operations.
See accompanying Notes to Financial Statements.

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024
(With comparative figures for 2023)
(Amounts in Philippine Peso)

	Capital Stock	Retained Earnings (Deficit)	Revaluation on Financial Assets at FVOCI	Total Equity
Balances at December 31, 2022 *(Before restatement)*	₱105,000,000	₱3,519,623	₱–	₱108,519,623
Prior period restatement (Notes 2 and 21)	–	(6,035,886)	–	(6,035,886)
Balances at January 1, 2023 *(As restated)*	105,000,000	(2,516,263)	–	102,483,737
Correction in 2023 net income (Notes 2 and 21)	–	(1,891,983)	–	(1,891,983)
Restated net income in 2023	–	1,325,326	–	1,325,326
Balances at December 31, 2023 *(As restated)*	105,000,000	(3,082,920)	–	101,917,080
Net loss in 2024	–	(526,544)	–	(526,544)
Other comprehensive loss in 2024	–	–	(214,638)	(214,638)
Balances at December 31, 2024	**₱105,000,000**	**(₱3,609,464)**	**(₱214,638)**	**₱101,175,898**

As of December 31, 2024, the Company has not yet commenced commercial operations.
See accompanying Notes to Financial Statements.

CABALLES-GO SECURITIES, INC.

(Formerly: MVG Securities, Inc.)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

(With comparative figures for 2023)

(Amounts in Philippine Peso)

	Notes	2024	2023 *(as restated)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		**(₱2,221,879)**	₱314,582
Adjustments for:			
Investment income	6, 15	**(4,582,004)**	(1,341,619)
Depreciation and amortization – ROUA	9, 14	**577,807**	–
Day 1 loss from remeasurement	12, 15	**83,391**	–
Fair value gain from FA at FVTPL	6, 15	**(53,906)**	–
Interest expense on lease liability	12, 15	**31,379**	–
Impairment loss on FVOCI	6, 15	**11,722**	–
Interest income from remeasurement	12, 15	**(6,939)**	–
Reversal of unrealized forex loss		**–**	(2,035,311)
Operating loss before working capital changes		**(6,160,429)**	(3,062,348)
Decrease (increase) in:			
Financial assets at FVTPL		**1,585,919**	71,866,574
Trade and other receivables		**(663,817)**	–
Prepayments and other current assets		**(937,582)**	–
Increase in trade and other payables		**789,610**	322,862
Net cash generated by (used in) operations		**(5,386,299)**	69,127,088
Investment income received		**4,582,004**	1,341,619
Net cash generated by (used in) operating activities		**(804,295)**	70,468,707
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisitions of:			
Financial assets at FVOCI	6	**(29,139,576)**	(34,660,424)
Property and equipment	9	**(1,113,277)**	–
Financial assets at amortized cost		**–**	(10,023,414)
Proceeds from:			
Financial assets at amortized cost	6	**10,023,414**	–
Payments for:			
Security deposit and construction bond	10, 12	**(387,344)**	–
Construction in progress	9	**(6,222,006)**	–
Lease liability	12	**(356,580)**	–
Interest on lease liability	12, 15	**(31,379)**	–
Net cash used in investing activities		**(27,226,748)**	(44,683,838)
NET INCREASE (DECREASE) IN CASH		**(28,031,043)**	25,784,869
CASH AT BEGINNING OF YEAR		**28,434,685**	2,649,816
CASH AT END OF YEAR	5	**₱403,642**	₱28,434,685

As of December 31, 2024, the Company has not yet commenced commercial operations.

See accompanying Notes to Financial Statements.

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)
NOTES TO FINANCIAL STATEMENTS

1. General

Caballes-Go Securities, Inc. (the "Company") was incorporated in the Philippines on September 21, 2018 under the name MVG Securities, Inc., with Securities and Exchange Commission (SEC) Registration No. CS201810188.

On January 16, 2024, the Company amended its Articles of Incorporation to change its corporate name from *MVG Securities, Inc.* to *Caballes-Go Securities, Inc.* The amendment also included a change in its primary purpose to authorize the Company to engage in the business of a broker and/or dealer of securities of any kind and description, including interests therein, and to carry out all activities related or incidental to such business. This includes, but is not limited to, the provision of online stock brokerage services through innovative internet technology; and the purchase, acquisition, sale, exchange, or distribution of such securities or interests therein; as well as the execution of transactions involving such securities and the performance of functions as a financial, commercial, or business representative.

The SEC approved the foregoing amendments on November 8, 2024.

On October 22, 2024, the Philippine Stock Exchange (PSE) Board of Directors approved, during its meeting held on October 16, 2024, the application of MVG Securities, Inc. for admission as a trading participant of the Exchange.

On December 11, 2024, the PSE approved the change in the Company's corporate name from MVG Securities, Inc. to Caballes-Go Securities, Inc.

The Company will commence its operations as an active Trading Participant of the Exchange effective April 28, 2025, as approved by the PSE on April 22, 2025.

The Company's registered office address is at 16th Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City.

The accompanying financial statements have been approved and authorized for issuance by the Board of Directors on April 25, 2025.

2. Basis of Preparation, Statement of Compliance and Summary of Material Accounting Policy Information Adopted

2.1 Statement of Compliance

The financial statements of the Company have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), International Financial Reporting Interpretations Committee (IFRIC)/Standing Interpretations Committee Interpretations and Philippine Interpretations Committee Interpretations, which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC, including SEC pronouncements.

2.1.1 Adoption of Full PFRS

For the year ended December 31, 2024, the Company adopted the Philippine Financial Reporting Standards (PFRS) in full, after previously preparing its financial statements under the PFRS for Small and Medium-sized Entities (PFRS for SMEs). This change was made to comply with regulatory requirements applicable to broker-dealers of securities, which mandate the use of full PFRS.

The transition to full PFRS has been applied retrospectively to the extent practicable. However, the Company did not present a third statement of financial position as at January 1, 2023 (i.e., comparative information for 2022), as permitted under PAS 1, Presentation of Financial Statements. The presentation of such information was deemed impracticable due to the complexity of applying the transition requirements and the necessary disclosures in accordance with full PFRS.

Accordingly, the comparative financial statements presented cover only the year ended December 31, 2023, which have been restated to conform to full PFRS. See Note 21 for details.

2.1.2 Correction of Prior Period Errors

The Company identified a prior period error relating to a foreign currency-denominated investment amounting to ₱5,892,558, which had been previously presented as part of financial assets at fair value through profit or loss (FVTPL). Upon review, the management was unable to verify the existence, valuation, and recoverability of the said investment. Accordingly, the investment was derecognized, and the adjustment was recorded retrospectively in retained earnings.

As part of this correction, the following additional adjustments were made:

- The unrealized foreign exchange loss recognized in 2023 amounting to ₱2,035,311 and the corresponding deferred tax asset of ₱508,828 were reversed.
- A deferred tax liability of ₱1,006,005 was reversed to correct a prior error in recognizing deferred tax on an unrealized foreign exchange gain of ₱4,024,020.

In addition, the Company reassessed the classification of financial assets previously reported entirely as FVTPL in 2023, amounting to ₱107,005,020. Upon review, it was determined that the amount consisted of various financial instruments that should have been presented as cash equivalents, financial assets at amortized cost, financial assets at fair value through other comprehensive income (FVOCI), and financial assets at FVTPL. Accordingly, the 2023 financial statements were restated to reflect the proper classification and measurement of these instruments in accordance with full PFRS.

Lastly, during 2023, the Company recognized a realized loss of ₱1,008,081 on financial assets measured at FVTPL and initially recorded a deferred tax asset of ₱252,020 related to this loss. Since the loss is already realized and deductible for tax purposes, the deferred tax asset was subsequently reversed.

See Note 21 for further details.

2.2 Basis of Preparation

The accompanying financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of resource, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow. All values are rounded to the nearest peso except as otherwise indicated.

2.3 New Standards, Interpretations, and Amendments

2.3.1 New standards and amendments effective beginning on or after January 1, 2024

The following standards and amendments have become effective for the annual periods commencing on or after January 1, 2024.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PAS 1, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right;
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising from a sale and leaseback transaction in a way that it does not recognize any amount of gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Statement of Cash Flows, and Financial Instruments: Disclosures – Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

2.4 Future Changes in Accounting Policies

The standards and interpretations that were issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these standards when they become effective. Unless otherwise stated, adoption of these standards and interpretations are not expected to have any significant impact on the financial statements of the Company.

<u>2.4.1 Effective on or after January 1, 2025</u>
- Amendments to PAS 21, *Lack of exchangeability*

<u>2.4.2 Effective on or after January 1, 2026</u>
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards – Volume 11
- Amendments to PFRS 1, *Hedge Accounting by a First-Time Adopter*
- Amendments to PFRS 7, *Gain or Loss on Derecognition*
- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- Amendments to PAS 7, *Cost Method*

<u>2.4.3 Effective on or after January 1, 2027</u>
- Amendments to PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 17, *Insurance Contracts*

<u>2.4.4 Deferred effectivity</u>
- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

2.5 Significant Accounting Policies

2.5.1 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument of a component that is a financial liability, are reported as expense or income. Distribution to holders of financial instruments classified as equity are charged directly to shareholders' equity, net of any related income tax benefits. Financial instruments are offset when there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously.

2.5.1.1 Financial assets

2.5.1.1.1 Initial recognition of financial instruments

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2.5.1.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

2.5.1.1.3 Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include short-term investments amounting to ₱10,023,414 as of December 31, 2023. As of December 31, 2024, the Company no longer holds financial assets classified under this category (see Note 6).

2.5.1.1.4 Financial assets at fair value through OCI (debt instruments)

• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company's financial assets at fair value through other comprehensive income amounted to ₱63,502,094 and ₱34,660,424 as of December 31, 2024 and 2023, respectively (see Note 6).

2.5.1.1.5 Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have equity instruments at fair value through OCI as of December 31, 2024 and 2023.

2.5.1.1.6 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Company's financial assets at fair value through profit or loss amounted to ₱27,206,890 and ₱28,738,903 as of December 31, 2024 and 2023, respectively (see Note 6).

2.5.1.1.7 Embedded derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

As of December 31, 2024 and 2023 the Company does not have any embedded derivatives required to be separated from the host contract.

2.5.1.1.8 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

• The rights to receive cash flows from the asset have expired; or
• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.5.1.1.9 Impairment of financial assets

2.5.1.1.9.1 Customer receivables

As a broker-dealer registered with the SEC, the Company complies with SEC Memorandum Circular (MC) No. 11, Series of 2023, which prescribes the required methodology for calculating the Allowance for Doubtful Accounts (ADA) for customer receivables.

In lieu of the expected credit loss (ECL) model under PFRS 9, the Company adopts the SEC's prescribed aging-based provisioning approach, which is specific to the operations of broker-dealers. This includes classifying receivables based on settlement aging (T+0 to T+31 and beyond) and applying fixed provisioning rates to each category, as summarized below:

Classification	Provision Rate	Base
T+0 to T+1	0%	Total Receivables
T+2 to T+12	2%	TR
T+13 to T+30	50%	TR less collateral (net of haircut)
T+31 and beyond	100%	TR less collateral (net of haircut)

Management believes this approach reflects a more appropriate estimation of credit losses in line with the regulatory framework applicable to broker-dealers in the Philippines. As of December 31, 2024 and 2023, the Company has no receivables from customers as it has not started its commercial operations thus, no impairment is recognized.

2.5.1.1.9.2 Other debt instruments

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are five day past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.5.1.2 Financial liabilities

2.5.1.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include payable to suppliers, trade payables, accrued and other payables, and lease liabilities.

2.5.1.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

2.5.1.2.2.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

2.5.1.2.2.2 Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

2.5.1.2.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

2.5.1.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.5.2 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks, money market placements, and time deposits with original maturities of three months or less from the date of placement.

Cash in banks are demand deposits that do not earn interest. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.5.3 Prepayments and Other Current Assets

2.5.3.1 Prepayments

Prepayments include expenses already paid but not yet incurred. These are measured at cost less amortization.

2.5.3.2 Input tax

Input tax represents value added tax (VAT) paid to suppliers that can be claimed as credit against the Company's VAT liabilities, except for those input taxes directly and proportionately attributable to zero-rated sales for which refund is available to the Company.

2.5.4 Trade and Other receivables

Receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are entered into with the intention of immediate or short-term collection. Receivables classified as current assets are measured at undiscounted amount of the cash or other consideration expected to be received.

2.5.5 Property and Equipment

Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and amortization and any impairment in value.

Depreciation and amortization is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Property and Equipment	No. of Years
Office equipment	3
Right-of-use asset	5.2

The Company recognized a right-of-use asset for leases of office space. The lease runs for a period of 5.2 years and includes a 2-month rent-free period. The amortization period of the depreciation of the right-of-use asset was based on the lease term of the leased asset.

Expected useful lives are reviewed at each statement of financial position date and if they differ significantly from previous estimates, the remaining depreciation periods are adjusted accordingly.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Cost also includes any asset retirement obligation and interest on borrowed funds used. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statements of comprehensive income of such period.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of comprehensive income in the year the asset is derecognized.

2.5.6 Other Assets

2.5.6.1 Construction bond

Construction bonds serve as a guarantee for the proper and timely completion of the company's office construction project, providing protection to the beneficiary in the event of contractor default or non-performance.

2.5.6.2 Security deposit

Security deposits are cash paid to the lessor that the Company expects a return after the lease term. These are measured at amortized cost.

2.5.7 Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Company's property and equipment (see Note 9).

The Company assesses at each statement of financial position date whether there is an indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). Impairment losses are recognized in the statements of comprehensive income.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of comprehensive income. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

2.5.8 Trade Payables

Trade payables are recognized in the period in which the related money, goods, or services are received or when a legally enforceable claim against the Company is established. These are non-interest bearing and are recognized initially at transaction amounts, which approximates their fair values. These are classified as current liabilities if payment is due within (1) year or less (or in the normal operating cycle of the business if longer). If not, these are presented as non-current liabilities and subsequently measured at amortized cost.

2.5.9 Accrued Expenses

Accrued expenses are recognized in the period in which the related money, goods or services are received or incurred and have been invoiced or formally agreed with the supplier. These are non-interest bearing and are stated at their amortized cost if payable beyond 12 months otherwise are stated at cost.

2.5.10 Provisions

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the statements of comprehensive income. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is probable.

2.5.11 Contingencies

Contingent liabilities are not recognized in the financial statements but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

2.5.12 Share Capital

Share Capital are classified as equity and are recorded at par. Proceeds in excess of par value are recorded as 'Additional paid-in capital' in the statements of financial position.

The costs of acquiring Company's own shares are shown as a deduction from equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.5.13 Dividend on Share Capital

Dividends on share capital are recognized as a liability and deducted from equity when approved by the Board of Directors in the case of cash dividends.

2.5.14 Deficit

Deficit includes all current and prior period results of operations as disclosed in the statements of comprehensive income.

2.5.15 Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the year attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend declaration, if any.

2.5.16 Revenue Recognition

Revenue is recognized when it is probable that a transaction will generate a future economic benefit to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

2.5.16.1 Commission income

There were no income from operations since the Company had not started its operations as of December 31, 2024 and 2023.

2.5.16.2 Investment income

Investment income includes interest, dividends, and realized gains or losses from the Company's investments managed by a trust corporation. These investments comprise time deposits, money market placements, bonds, government securities, and stocks.

2.5.17 Cost and Expense Recognition

Cost and administrative expenses are recognized in the statements of comprehensive income upon utilization of the service or during the date they are incurred.

2.5.18 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of the monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statements of comprehensive income, within finance cost. All other foreign exchange gains and losses are presented in the statements of comprehensive income on a net basis within other income or other expense.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statements of financial position;
- Income and expense for each statements of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognized in other comprehensive income.

2.5.19 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

a. The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
b. The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
c. The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
   - the Company has the right to operate the asset; or
   - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

2.5.19.1 Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

2.5.19.1.1 Short-term leases and leases of low-value assets.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of supermarket shelves that are considered to be low value (e.g ₱250,000 or below). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2.5.19.1.2 Right-of-use assets and lease liabilities

The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using interest rate implicit in the lease or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed asset, variable payments based on an index rate, amounts expected to be payable under a residual value guarantee and payments arising from options arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment of modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

2.5.20 Employees' Benefits

The Company recognizes a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the entity consumes the economic benefits arising from service provided by an employee in exchange for employee benefits. Employee benefits are short-term employee benefits and post-employment benefits.

2.5.20.1 Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled wholly before twelve months after the end of the period in which the employees render the related service. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, profit sharing and bonuses, and non-monetary benefits. Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the statement of financial position date. These are included in salaries and wages account at an undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.5.23.2 Post retirement benefits

Payments to retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognized immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurement recorded in other comprehensive income is not recycled. However, the entity may transfer those amounts recognized in other comprehensive income within equity. Past service cost is recognized in profit or loss in the period of plan amendment. Net-interest is calculated by applying the discount rate to the net defined benefit liability or asset. Retirement costs are split into three categories:

- current service cost, past-service cost, gains and losses on curtailments and settlements;
- net-interest expense or income;
- remeasurement.

As of December 31, 2024 and 2023, no estimate was made because none of the employees has reached the minimum five (5) years of service for retirement benefits pursuant to Republic Act No. 7641.

2.5.21 Income Taxes

2.5.21.1 Current

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates used and tax laws applied to compute the amount are those that are enacted or substantially enacted at the statements of financial position date.

2.5.21.2 Deferred

Deferred income tax is provided using the liability method on temporary differences at the statements financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences with certain exceptions, and carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized.

The carrying amounts of deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the statements of financial position date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.5.22 Related Party Relationships and Transactions

2.5.22.1 Related party relationship

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholder. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.5.22.2 Related party transactions

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged. Transactions with related parties are accounted for at terms similar to those offered to non-related entities in an economically comparable market.

2.5.23 Events After the End of Reporting Period

Any post year-end event up to the date of approval of the Board of Directors of the financial statements that provides additional information about the Company's position at the statements of financial position date (adjusting event) is reflected in the financial statements. Any post year-end event that is not an adjusting event is disclosed in the notes to the financial statements, when material.

3. **Significant Accounting Judgment and Estimates**

The preparation of the financial statements in accordance with PFRS requires the management to make judgments and estimates that affect the reported amounts reported in the financial statements and accompanying notes. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the reporting date. Future events may occur which can cause the assumptions used in arriving at those judgments and estimates to change. The effects of any changes will be reflected in the financial statements of the Company as they become reasonably determinable.

3.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on amounts recognized in the financial statements.

3.1.1 Classification of Financial Intruments

The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position. In addition, the Company classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

3.1.2 Determination of Fair Values of Financial Instruments

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting judgments and estimates. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would affect profit and loss and equity.

Where the fair values of certain financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable market data where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer-dated derivatives. The fair values of the Company's derivative financial instruments are based from quotes obtained from counterparties.

The fair values of the Company's financial instruments are disclosed in Note 19.

3.1.3 Determining Whether a Contract is, or Contains a Lease

The Company has entered into a lease agreement. The management considers whether a contract is, or contains, a lease. The management assesses whether the contract meets three key evaluations which are whether: the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company; the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and the Company has the right to direct the use of the identified asset throughout the period of use. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

3.2 Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at each reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities follow:

<u>3.2.1 Measurement of Expected Credit Loss (ECL) Allowance</u>

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of significant judgements are also required in applying the accounting rquirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Company recognized an ECL allowance for financial assets at FVOCI of ₱11,722 as of December 31, 2024. There were no ECL allowance in 2023.

<u>3.2.2 Estimated Useful Lives of Property and Equipment and Right-of-Use Asset</u>

The Company estimates the useful lives of its property and equipment and right-of-use asset based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of property and equipment would increase depreciation expense and decrease noncurrent assets.

As of December 31, 2024, property and equipment, including the right-of-use asset, amounted to ₱12,728,146 (see Note 9).

<u>3.2.3 Impairment of Nonfinancial Assets</u>

The Company assesses the impairment of its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Company considers important which could trigger an impairment review include the following:

- significant or prolonged decline in the fair value of the asset;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Company determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount.

As of December 31, 2024 and 2023 the Company has no impaired nonfinancial assets.

3.2.4 Deferred Tax

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred income tax asset to be recovered.

4. Financial Risk Management Objectives and Policies

The Company's activities expose it to financial risk specifically to liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

4.1 Governance Framework

The Company has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity and operational risk. It also supports the effective implementation of policies.

The policies define the Company's identification of risk and its interpretation limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

4.2 Capital Management Framework

The Company's risk management function has developed and implemented certain minimum stress and scenario tests for identifying the risks to which the Company are exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic balance sheet and revenue account, are reported to the Company's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

4.3 Regulatory Framework

The operation of the Company is also subject to the regulatory requirements of SEC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions.

4.4 Financial Risk

The Company's financial risk management policies seek to minimize potential adverse effects of financial risk such as credit risk, liquidity risk, interest rate risk and market risk to its financial assets and liabilities.

These risks arise from open positions in interest rate, foreign currency, listed equity securities and debt securities all of which are exposed to general investment environment and specific market movements. The Company faces these risks primarily due to the nature of its investments and liabilities.

4.5 Counterparty Risk

Counterparty risk is the risk that the counterparty to a trade fails to make good of his delivery of securities sold, or payment for the shares bought.

Trading limits for each customer are set after assessment of the true risk and profile of the customers (i.e., financial capacity, reputation, and collateral) on top of risk management procedures. Settlement details are pre-matched with the customers or their custodian banks at least a day before settlement date. Receivable balances are also monitored regularly.

4.6 Credit Risk

Credit risk is the risk that one party to a financial will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company monitors concentration of credit risks on both individual and institutional counterparty basis and limits the risk through consideration of factors which includes the credit worthiness of the client, its financial strength, and the size of its positions or commitments.

The following table provides information regarding the maximum credit risk exposure of the Company as of December 31, 2024 and 2023:

	2024	2023
Cash and cash equivalents*	**₱403,642**	₱28,432,185
Financial assets at amortized cost	**–**	10,000,000
Financial assets at fair value through profit or loss	**20,660,000**	25,660,000
Financial assets at fair value through other comprehensive income	**63,800,000**	34,600,000
Other receivables	**663,817**	–
Other noncurrent assets	**310,892**	–
	₱85,838,351	₱98,692,185

**Excluded in cash and cash equivalents are cash on hand amounting to ₱2,500 for 2023.*

The Company did not have any significant concentration of credit risk with a single counterparty or group of counterparties and industry segments as of December 31, 2024 and 2023.

The table below shows the credit quality by class of financial assets of the Company based on its historical experience with the corresponding third parties as of December 31:

December 31, 2024				
	Neither Past Due nor Impaired		**Past Due and**	
	High Grade	**Low Grade**	**Impaired**	**Total**
Cash and cash equivalents (excluding cash on hand)	**₱403,642**	**–**	**–**	**₱403,642**
Financial assets at fair value through profit or loss	**₱20,660,000**	**–**	**–**	**₱20,660,000**
Financial assets at fair value through other comprehensive income	**63,800,000**	**–**	**–**	**63,800,000**
Other receivables	**663,817**	**–**	**–**	**663,817**
Other noncurrent assets	**310,892**	**–**	**–**	**310,892**
	₱85,838,351	**₱–**	**₱–**	**₱85,838,351**

December 31, 2023	Neither Past Due nor Impaired		Past Due and	
	High Grade	Low Grade	Impaired	Total
Cash and cash equivalents (excluding cash on hand)	₱28,432,185	–	–	₱28,432,185
Financial assets at amortized cost	10,000,000	–	–	10,000,000
Financial assets at fair value through profit or loss	25,660,000	–	–	25,660,000
Financial assets at fair value through other comprehensive income	34,600,000	–	–	34,600,000
	₱98,692,185	₱–	₱–	₱98,692,185

4.7 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The table below analyzes the financial assets and financial liabilities of the Company into their relevant maturity groups based on the remaining period at the statements of financial position date to their contractual maturities or expected repayment dates.

As of December 31, 2024	**Within 1 Year**	**1 to 5 Years**	**Over 5 Years**	**Total**
Financial assets:				
Cash and cash equivalents	**₱403,642**	**₱–**	**₱–**	**₱403,642**
Fair value through proft or loss	**23,264,474**	**–**	**–**	**23,264,474**
Fair value through other comprehensive income	**6,977,969**	**56,524,125**	**–**	**63,502,094**
Other receivables	**663,817**	**–**	**–**	**663,817**
Other noncurrent assets	**–**	**310,892**	**–**	**310,892**
	₱31,309,902	**₱56,835,017**	**₱–**	**₱88,144,919**

As of December 31, 2023	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Financial assets:				
Cash and cash equivalents	₱28,432,185	₱–	₱–	₱28,432,185
Fair value at amortized cost	10,023,414	–	–	10,023,414
Fair value through proft or loss	28,738,903	–	–	28,738,903
Fair value through other comprehensive income	10,022,997	24,637,427	–	34,660,424
	₱77,217,499	₱24,637,427	₱–	₱101,854,926

As of December 31, 2024	**Within 1 Year**	**1 to 5 Years**	**Over 5 Years**	**Total**
Financial liabilities:				
Trade and other payables*	**₱755,523**	**₱–**	**₱–**	**₱755,523**
Lease liability	**1,098,261**	**4,515,829**	**–**	**5,614,090**
	₱1,853,784	**₱4,515,829**	**₱–**	**₱6,369,613**

**Excluded in trade and other payables are payable to Government amounting to ₱434,229.*

As of December 31, 2023	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Financial liabilities:				
Trade and other payables	400,142	–	–	400,142
	₱400,142	₱–	₱–	₱400,142

4.8 Market Risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

4.8.1 Price Risk

The Company is exposed to price risk arising from its investments in equity securities, bonds, and unit investment trust funds (UITFs) classified as financial assets at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). Changes in market prices may affect the fair value of these financial assets and result in fluctuations in the Company's profit or loss or other comprehensive income.

	December 31, 2024	
	Carrying Amount	**Market Value**
Financial assets at FVTPL	**₱27,686,416**	**₱27,206,890**
Financial assets at FVOCI	**63,800,000**	**63,502,094**
	₱91,486,416	**₱90,708,984**

	December 31, 2023	
	Carrying Amount	Market Value
Financial assets at amortized cost	₱10,000,000	₱10,023,414
Financial assets at FVTPL	28,688,758	28,738,903
Financial assets at FVOCI	34,600,000	34,660,424
	₱73,288,758	₱73,422,741

The Company manages its price risk by diversifying its investment portfolio and by monitoring market conditions regularly.

The changes in market prices resulted to the Company's recognition of an unrealized gain on financial assets at FVPTL of ₱53,906 in 2024 and realized loss of ₱1,008,080 in 2023. This also resulted to an unrealized loss on financial assets at FVOCI amounting to ₱286,184 as of December 31, 2024.

4.8.2 Interest Rate Risk

This is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk arising from its investments in debt securities, time deposits, and money market placements. Changes in market interest rates may affect the fair value of fixed-rate financial assets and the future cash flows of floating-rate financial assets.

The Company manages its interest rate risk by monitoring market interest rate movements and maintaining a diversified portfolio with varying maturities.

The Company's financial assets exposed to interest rate risk are as follows:

	2024	2023
Cash and cash equivalents	**₱403,642**	₱28,434,685
Financial assets at amortized cost	**–**	10,000,000
Financial assets at FVOCI	**63,800,000**	34,600,000
Financial assets at FVTPL	**20,660,000**	25,660,000
	₱84,863,642	₱98,694,685

4.9 Capital Management Policies

The primary objective of the Company's capital management policies is to support its business and maximize shareholder value in terms of returns on investments and increased stock value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust or defer dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2024 and 2023.

The Company considers the following as capital:

	2024	2023
Share capital	**₱105,000,000**	₱105,000,000
Deficit	**(3,609,464)**	(3,082,920)
Unrealized loss on fair market value of financial assets at FVOCI – net of tax	**(214,638)**	–
	₱101,175,898	₱101,917,080

5. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash in bank	**₱403,642**	₱742,464
Cash on hand	–	2,500
Cash equivalent	–	27,689,721
Cash and cash equivalents	**₱403,642**	₱28,434,685

6. Financial Assets

As of December 31, 2024 and 2023, the Company's financial assets included the following investments:

6.1 Financial Assets at Amortized Cost

This account consists of money market placements with original maturities exceeding three (3) months, amounting to ₱10,023,414 as of December 31, 2023.

	2023
Principal	₱10,000,000
Interest income	23,414
	₱10,023,414

There are no financial assets at amortized cost as of December 31, 2024.

6.2 Financial Assets at Fair Value Through Profit or Loss

The Company's financial assets measured at fair value through profit or loss are as follows:

	2024	2023
Current		
Corporate bonds	**₱20,180,474**	₱25,696,903
Unit investment trust fund – UITF	**3,942,416**	–
Held for trading securities – equity	**3,084,000**	3,042,000
	₱27,206,890	₱28,738,903

The Company recognized an unrealized fair value gain on financial assets at FVTPL amounting to ₱53,906 as of December 31, 2024 and nil as of December 31, 2023 (Note 15).

6.3 Financial Assets at Fair Value Through Other Comprehensive Income

The Company's financial assets at fair value through other comprehensive income are as follows:

	2024	2023
Current		
Corporate bonds	**₱6,989,691**	₱10,022,997
ECL allowance	**(11,722)**	–
	6,977,969	10,022,997
Noncurrent		
Corporate bonds	**41,760,145**	24,637,427
Retail treasury bonds	**14,763,980**	–
	56,524,125	24,637,427
	₱63,502,094	₱34,660,424

An unrealized loss on financial assets at FVOCI amounting to ₱286,184 was recognized as of December 31, 2024. No unrealized gain or loss was recognized for the year ended December 31, 2023.

7. Trade and Other Receivables

This account consists of:

	2024
Accrued interest receivable	**₱408,970**
Advances to officers and employees	**200,680**
Advances to suppliers	**54,167**
	₱663,817

There were no trade and other receivables as of December 31, 2023.

8. Prepayments and Other Current Assets

This account consists of input VAT amounting to ₱1,004,154 and ₱66,572 for the years ending December 31, 2024 and 2023, respectively.

9. Property and Equipment – net

This account consists of:

	December 31, 2023	Additions/ Depreciation	Disposals/ Adjustments	December 31, 2024
Cost:				
Construction in progress	₱–	₱6,222,006	₱–	**₱6,222,006**
Office equipment	–	1,113,277	–	**1,113,277**
Right-of-use asset	–	5,970,670	–	**5,970,670**
	–	13,305,953	–	**13,305,953**

(Forward)

Accumulated depreciation:				
Right-of-use asset	–	577,807	–	**577,807**
	₱–			**₱12,728,146**

The Company recognized right-of-use asset for leases of office space. The lease runs for a period of five (5) years and two (2) months. The amortization period of the right-of-use asset was based on the lease term of the leased asset.

Amortization of the right-of-use asset amounted to ₱577,807 as of December 31, 2024. No property and equipment was recorded in 2023 as the Company had not acquired any depreciable assets during that year. Consequently, no depreciation or amortization was recognized in 2023. All relevant acquisitions and lease arrangements giving rise to PPE and right-of-use assets occurred only in 2024.

No items of property and equipment were mortgaged as securities for liabilities as of December 31, 2024.

Management believes that there is no indication that an impairment has occurred on its property and equipment.

10. Other Noncurrent Assets

This account consists of:

	Note	2024
Security deposit	12	**₱224,294**
Construction bond	12	**86,598**
		₱310,892

There were no other noncurrent assets as of December 31, 2023.

11. Trade and Other Payables

This account consists of:

	2024	2023
Accounts payable	**₱675,523**	₱400,142
Accrued expense	**80,000**	–
Government payables:		
SSS, Philhealth and HDMF payable	**321,530**	–
Withholding tax payable on compensation	**67,014**	–
Expanded withholding tax payable	**45,685**	–
	₱1,189,752	₱400,142

12. Lease Liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2024
Current	**₱1,098,261**
Noncurrent	**4,515,829**
	₱5,614,090

The Company leases its office premises from RL Commercial REIT, Inc. for a period of sixty-two (62) months, including a rent-free period of two (2) months from July 1, 2024 up to August 31, 2029, renewable upon mutual agreement with the lessor.

The Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate of 6.6319% for the year December 31, 2024.

The lease is reflected in the statements of financial position as a right-of-use asset and a lease liability.

The lease liabilities are secured by the related underlying asset. Maturity analysis of lease liabilities are as follows:

Undiscounted Lease Payments	**2024**
Not later than 1 year	**₱1,163,877**
Later than 1 year and not later than 2 years	**1,183,275**
Later than 2 years and not later than 5 years	**3,445,222**
Total undiscounted lease payments	**₱5,792,374**
Less: Finance charges	**(178,284)**
Present value of lease liabilities	**₱5,614,090**

There were no lease liabilities as of December 31, 2023.

Interest expense on the payment of lease liability amounted to ₱31,379 in 2024 (Note 15).

The Company has a refundable security deposit and construction bond amounting to ₱224,294 and ₱86,598, respectively. These are shown as part of 'other noncurrent assets' in the statements of financial position (Note 10).

The amortized cost of the security deposit as of December 31, 2024, discounted at 6.6319% effective interest rate for 5.2 years, is presented as follows:

	2024
Nominal amount	**₱300,746**
Unamortized discount	**(76,452)**
	₱224,294

The movement of unamortized discount is as follows:

	2024
Day 1 loss	**₱83,391**
Interest income due to remeasurement	**(6,939)**
	₱76,452

13. Income Taxes

The Company's benefit from deferred income tax amounted to ₱1,695,335 and ₱1,010,744 as of December 31, 2024 and 2023, respectively.

13.1 Current Income Tax

The Company is subject to the Regular Corporate Income Tax (RCIT) or Minimum Corporate Income Tax (MCIT), whichever is higher.

13.1.1 Regular Corporate Income Tax

The reconciliation of income tax expense computed at the statutory income tax rate of 25% for the years ended December 31, 2024 and 2023 to actual income tax expense as shown in the statements of comprehensive income are as follows:

	2024	2023
Accounting income (loss) before income tax	**(₱555,470)**	₱78,646
Adjustments for:		
Nontaxable income	**(1,160,713)**	(335,405)
Nondeductible expense	**20,848**	–
Reversal of incorrect recognition of DTL	–	(1,006,005)
Unrecognized DTA from NOLCO	–	252,020
	(1,695,335)	(1,010,744)

13.1.2 Minimum Corporate Income Tax

The Company did not generate taxable income during the years ended December 31, 2024 and 2023, and is therefore not subject to the MCIT for those periods.

For the years ended, December 31, 2024 and 2023, the Company has no income tax obligation.

The Company has NOLCO which can be carried forward as a deduction for the next three consecutive taxable years immediately following the year of such loss, under certain conditions, as provided under Section 34(D) of the Tax Code.

Year Incurred	NOLCO	Expired	Applied	Balance	Expiry Year
2024	₱6,548,388	₱–	₱–	**₱6,548,388**	2027
2023	18,957	–	–	**18,957**	2026
2022	322,104	–	–	**322,104**	2025
	₱6,889,449	₱–	₱–	**₱6,889,449**	

The Company has NOLCO which can be claimed as a deduction from the regular taxable income for the next five consecutive taxable years pursuant to the Bayanihan to Recover As One Act. Details are as follows:

Year Incurred	NOLCO	Expired	Applied	Balance	Expiry Year
2021	₱479,232	₱–	₱–	**₱479,232**	2026
2020	752,605	–	–	**752,605**	2025
	₱1,231,837	₱–	₱–	**₱1,231,837**	

13.2 Deferred Income Tax

The benefit from deferred income tax charged in the statements of comprehensive income comprises the following temporary differences:

	2024	2023
Presented under Profit and Loss		
NOLCO	**₱1,637,097**	₱4,739
Amortization of right-of-use assets	**144,452**	–
Actual rent expense paid	**(96,990)**	–
Interest expense on lease liabilities	**7,845**	–
ECL allowance – FVOCI	**2,931**	–
Reversal of incorrect recognition of deferred tax on unrealized forex gain	–	1,006,005
Amounts credited to profit or loss	**₱1,695,335**	₱1,010,744

	2024	2023
Presented under Other Comprehensive Income		
Unrealized loss on FVOCI	**(₱286,184)**	₱–
Tax effect on unrealized loss on FVOCI	**71,546**	–
Amounts credited to OCI	**(₱214,638)**	₱–

Significant components of the Company's net deferred tax assets are as follows:

	2024	2023
NOLCO	**₱2,030,321**	₱393,224
Amortization of right-of-use assets	**144,452**	–
Actual rent expense paid	**(96,990)**	–
Unrealized loss on FVOCI	**71,546**	
Interest expense on lease liabilities	**7,845**	–
ECL allowance – FVOCI	**2,931**	–
Unrealized foreign exchange gain	**–**	(1,006,005)
Reversal of incorrect recognition of deferred tax on unrealized forex gain	**–**	1,006,005
	₱2,160,105	₱393,224

14. Administrative Expenses

This account consists of:

	Notes	2024	2023
Salaries and allowances		**₱3,366,217**	₱–
Legal and professional fees		**1,186,114**	–
Depreciation and amortization	9	**577,807**	–
Travel and transporation		**560,100**	–
Rent expense		**421,175**	–
Taxes and licenses	22	**379,553**	14,910
Employer's contribution		**206,100**	–
Office supplies		**15,313**	–
Seminars and trainings		**14,213**	–
Bank charges		**–**	50
Miscellaneous		**11,644**	3,997
		₱6,738,236	₱18,957

15. Other Income (Expenses) – net

This account consists of:

	Notes	2024	2023
Investment income:			
Interest		**₱4,230,641**	₱1,341,619
Dividend		**351,363**	–
		4,582,004	1,341,619
Other income (expense):			
Day 1 loss	12	**(83,391)**	–
Unrealized gain on financial assets at FVTPL	6	**53,906**	–
Interest expense on lease liability	12	**(31,379)**	–
(Forward)			

Impairment loss on FVOCI asset	3	**(11,722)**	–
Interest income from remeasurement	12	**6,939**	–
Realized loss	6	**–**	(1,008,080)
		(65,647)	(1,008,080)
		₱4,516,357	₱333,539

16. Earnings (Loss) Per Share

Earnings (loss) per share is based on:

	2024	2023
a. Net income (loss)	**(₱526,544)**	₱1,325,326
b. Number of common shares outstanding	**1,050,000**	1,050,000
c. Basic and diluted earnings (loss) per share (a/b)	**(₱0.50)**	₱1.26

17. Retained Earnings

17.1 Appropriated Retained Earnings

(1) SRC Rule 49.1 (B), "Reserve Fund", (1) requires that every broker dealer shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to Appropriated Retained Earnings. Appropriation shall be 30%, 20%, and 10% of audited profit after tax for broker dealers with unimpaired paid up capital of ₱10 million to ₱30 million, ₱30 million to ₱50 million and above ₱50 million, respectively.

Unimpaired Paid-up Capital (in million peso)	Minimum percentage of profit after tax
Between 10 to 30	30%
Between 30 to 50	20%
More than 50	10%

(2) The amount appropriated shall not be available for payment of dividends.

(3) Where in any financial year the Broker Dealer's paid up capital is impaired, the Broker Dealer, is required to transfer from the Appropriated Retained Earnings to the capital account an amount equivalent to the impairment. Such amount so transferred out shall not be available for payment of dividends.

(4) Consistent with the general usage under SRC Rule 28.1 (E) (v), the term "Unimpaired Paid Up Capital" shall refer to the firm's total paid up capital less any deficiency in the retained earnings.

For this purpose, the term "Paid Up Capital" shall include the following:

a. Capital contributions of partners or par value of stated value of common stock
b. Payment made on subscribed common stock
c. Par or stated value of preferred share
d. Payment made on subscribed preferred share
e. Common stock to be distributed (arising from stock dividend distribution)
f. Additional paid in capital for both common and preferred stocks
g. Donated capital

(5) A Broker Dealer may submit to the Commission for approval its own capital build up plan in lieu of the requirements of this provision.

(6) Notwithstanding the requirements of this section, the commission may prescribe a different capital build up for all broker dealers, specifically those incurring net losses during the period, which may include the programmed infusion of fresh capital.

As of December 31, 2024, the Company incurred a net loss; hence, no appropriation to retained earnings was made.

17.2 Unappropriated Retained Earnings (Deficit)

The Company is in a deficit position amounting to ₱3,609,464 and ₱3,082,920 as of December 31, 2024 and 2023, respectively.

18. Risk Based Capital Adequacy

The primary objective of the Company's capital management is to increase shareholders value and maintain healthy capital ratios in order to support its business. The Company sets strategies in response to both changes in economic conditions in general and the industry in which the Company belongs and internal factors. No changes were made in the objectives, policies and processes during the years 2024 and 2023.

On December 30, 2003, the SEC passed the Amended Implementing Rules and Regulations (IRR) of the SRC effective February 28, 2004. Significant changes include among others, revisions on the terms and conditions for registration and subsequent renewal of license applicable to both exchange trading participants and non-exchange broker dealers as follows: (a) to allow a net capital of ₱2.5 million or 2.5% of aggregate indebtedness, whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities, (b) to allow SEC to set a different net capital requirement for those authorized to use the risk based capital adequacy model, and (c) to require unimpaired paid-up capital of ₱100 million for broker dealers, which are either first time registrant or those acquiring existing broker dealers firms and will participate in a registered clearing agency; ₱10 million plus surety bond for existing broker dealer not engaged in market making transactions; and ₱2.5 million for broker dealers dealing only in proprietary shares and not holding securities.

On November 11, 2004, the SEC approved Memorandum Circular No. 16 which provides the guidelines on the adoption in the Philippines of the Risk Based Capital Adequacy (RBCA) Framework for all registered brokers dealers in accordance with Securities Regulation Code (SRC). These guidelines cover the following risks: (a) position or market risk (b) credit risks such as counterparty, settlement, large exposure, and margin financing risks and (c) operational risk. Among others, the RBCA rules provide for specific guidelines on the treatment of new subordinated loan agreements and investment in PSE shares.

The Company's capital pertains to equity per books adjusted for deferred tax assets and assets not readily convertible into cash.

The RBCA ratio of the Company as of December 31, 2024 and 2023 are as follows:

	2024	2023
Equity eligible for net liquid capital	**₱99,015,793**	₱101,523,856
Less ineligible assets	**48,494,620**	73,489,313
Net liquid capital (NLC)	**₱50,521,173**	₱28,034,543
Operational risk	**₱395,011**	₱89,544
Position risk	**2,614,800**	–
Total risk capital requirements (TRCR)	**₱3,009,811**	₱89,544
Aggregate indebtedness (AI)	**₱6,803,842**	₱400,142

	2024	2023
5% of AI	**₱340,192**	₱20,007
Required NLC	**340,192**	20,007
Net risk based capital excess	**45,521,173**	23,034,543
Ratio of AI to NLC	**13%**	1%
RBCA ratio	**1679%**	31308%

As of December 31, 2024 and 2023, the Company is in compliance with the required RBCA ratio.

The following are the definition of terms used in the above computation.

1. *Ineligible assets.* These pertain to fixed assets and assets which cannot be readily converted into cash.

2. *Operational risk requirements.* The amount required to cover a level of operational risk which is the exposure associated with the commencing and remaining in business arising separately from exposures covered by other risk requirements. It is the risk of loss resulting from inadequate or failed internal processes, people and systems which include, among others, risks of fraud, operational or settlement failure and shortage of liquid resources or from external events.

3. *Position risk requirement.* The amount necessary to accommodate a given level of position risk. Position risk is a risk to which a broker dealer is exposed to and which arises from securities held by it as a principal or in its propriety or dealer account.

4. *Large exposure risk requirement.* The additional amount required to accommodate a given level of large exposure to either a particular counterparty or a single equity. Large exposure risk is the risk of financial loss arising from a significant exposure to a single counterparty or in securities issued by a single issuer relative to liquid capital or to the total value of those securities on issue.

5. *Aggregate indebtedness.* Total money liabilities of a broker arising in connection with any transaction whatsoever, and includes, among other things, money borrowed, money payable against securities loaned and securities failed to receive, the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers and margin securities borrowed from non-customers), customers' and non-customers' free credit balances, and credit balances in customers' and non-customers' accounts having short positions in securities subject to the exclusions provided in the said SEC Memorandum.

19. Fair Value Measurement

The methods and assumptions used by the Company in estimating the fair value of the financial instruments are:

19.1 Cash and Cash Equivalents

Carrying values approximate fair values at year-end due to the relative short-term maturities of these assets.

19.2 Receivables

Carrying amounts approximate fair values due to the relative short-term maturities of these assets.

19.3 Financial Asset at Amortized Cost

Financial assets at amortized cost are measured using the effective interest method and are carried at their original cost adjusted for principal repayments, interest accruals, and any loss allowance.

19.4 Financial Asset at Fair Value through Profit or Loss

The fair values of financial assets at FVTPL are based on quoted prices published in the market.

19.5 Financial Asset at Fair Value through Other Comprehensive Income

The fair value of financial assets at FVOCI is determined using quoted market prices or valuation techniques based on observable market data, as appropriate.

19.6 Other Assets

The fair values approximate its cost since these are security deposit and construction bond.

19.7 Payables

Carrying amounts approximate fair values at year-end due to the short-term maturities of these obligations.

The following table summarizes the carrying amounts and estimated fair values of the Company's financial assets and liabilities as of December 31, 2024 and 2023:

	2024		2023	
	Carrying value	**Estimated fair value**	Carrying value	Estimated fair value
Financial assets:				
Cash and cash equivalents	**₱403,642**	**₱403,642**	28,385,885	₱28,434,685
Financial assets at amortized cost	**–**	**–**	10,000,000	10,023,414
Trade and other receivables	**663,817**	**663,817**	–	–
Financial assets at fair value through profit or loss	**27,686,416**	**27,206,890**	28,688,758	28,738,903
Financial assets at fair value through other comprehensive income	**63,800,000**	**63,502,094**	34,600,000	34,660,424
Other assets	**310,892**	**310,892**	–	–
	₱92,864,767	**₱92,087,335**	₱101,674,643	₱101,857,426

	2024		2023	
	Carrying value	**Estimated fair value**	Carrying value	Estimated fair value
Financial liabilities:				
Trade and other payables*	**755,523**	**755,523**	400,142	400,142
Lease liabilities	**5,614,090**	**5,614,090**	–	–
	₱6,369,613	**₱6,369,613**	₱400,142	₱400,142

**Excluded in trade and other payables are payable to Government amounting to ₱434,229.*

19.8 Fair Value Hierarchy

The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation technique:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table shows the Company's financial instruments carried at fair value as of December 31, 2024 and 2023 based on Level 1, 2 and 3:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets:				
Financial assets at fair value through profit or loss:				
Cash and cash equivalents	**₱403,642**	**₱–**	**₱–**	**₱403,642**
Fair value through profit or loss	**27,206,890**	**–**	**–**	**27,206,890**
Financial assets at fair value through other comprehensive income	**6,977,969**	**56,524,125**	**–**	**63,502,094**
Financial assets at amortized cost:				
Trade and other receivables	**–**	**663,817**	**–**	**663,817**
Other noncurrent assets	**–**	**–**	**310,892**	**310,892**
	₱34,588,501	**₱57,187,942**	**₱310,892**	**₱92,087,335**
Financial Liabilities:				
Financial liabilities at amortized cost:				
Trade and other payables	**–**	**755,523**	**–**	**755,523**
Lease liabilities	**–**		**5,614,090**	**5,614,090**
	₱–	**₱755,523**	**₱5,614,090**	**₱6,369,613**

	2023			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Financial assets at fair value through profit or loss:				
Cash and cash equivalents	₱28,434,685	₱–	₱–	₱28,434,685
Fair value through profit or loss	28,738,903	–	–	28,738,903
Financial assets at fair value through other comprehensive income	10,022,997	24,637,427	–	34,660,424
Financial assets at amortized cost	10,023,414	–	–	10,023,414
	₱77,219,999	₱24,637,427	₱–	₱101,857,426
Financial Liabilities:				
Financial liabilities at amortized cost:				
Trade and other payables	₱–	₱400,142	₱–	₱400,142

20. Supplemental Notes to Statement of Cash Flows

Presented below is the supplemental information on the Company's lease liability arising from financing activities (Note 12):

	2024
Payments	**(₱356,580)**
Non-cash changes;	
Interest expense	**(31,379)**
	(₱387,959)

21. Adoption of Full PFRS and Restatement of Comparative Figures

Effective January 1, 2024, the Company adopted the full PFRS, transitioning from the PFRS for SMEs, in compliance with regulatory requirements applicable to broker-dealers.

As part of this transition, the 2023 comparative financial statements have been restated retrospectively, except where impracticable. The restatements reflect changes in accounting policies under full PFRS, particularly in the classification and measurement of financial instruments and the recognition of related deferred tax effects.

In addition to the changes arising from the transition to full PFRS, the Company also corrected certain prior period errors identified during the 2024. These errors primarily relate to the derecognition of financial assets that could no longer be substantiated and the correction of their related unrealized loss and deferred income tax impacts (see Note 2).

The table below summarizes the impact of the transition and prior period error corrections on the affected line items as of December 31, 2023:

Particulars	Balance Before Restatement	Adjustments Due to PFRS Adoption	Adjustments of Prior Period Error	Balance After Restatement
A. Effect in Statement of Financial Position:				
Cash equivalents	₱–	₱27,689,721	₱–	**₱27,689,721**
Financial assets at amortized cost	–	10,023,414	–	**10,023,414**
Financial assets at FVTPL	107,005,020	(72,373,559)	(5,892,558)	**28,738,903**
Financial assets at FVOCI – current	–	10,022,997	–	**10,022,997**
Financial assets at FVOCI – noncurrent	–	24,637,427	–	**24,637,427**
Deferred tax asset	1,154,072	–	(760,848)	**393,224**
Deferred tax liability	(617,520)	–	617,520	**–**
Retained earnings	3,519,623	–	(6,035,886)	**(2,516,263)**

Particulars	Balance Before Restatement	Adjustments	Balance After Restatement
B. Effect in Statement of Comprehensive Income:			
Unrealized foreign exchange loss	(2,035,311)	2,035,311	**–**
Benefit from deferred income tax	(1,154,072)	143,328	**(1,010,744)**
Net income (loss)	(566,657)	1,891,983	**1,325,326**

22. Supplementary Information Required by the Bureau of Internal Revenue

In addition to the disclosures mandated under PFRS, and such other standards and/ or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS. The following is the tax information required for taxable year ended December 31, 2024 and 2023.

I. Based on RR No. 15-2010

A. Value Added Tax (VAT)

	2024	
	Tax Base	**Amount**
Total sales/ Output VAT	**₱–**	**₱–**
Input VAT		
Beginning of the year	**₱554,767**	**₱66,572**
Current year's domestic purchase of services	**7,813,183**	**937,582**
Total allowable input taxes for the year		**1,004,154**
Claims for tax credit/ refund and other adjustments		**–**
Balance at end of the year		**₱1,004,154**

	2023	
	Tax Base	Amount
Input VAT		
Beginning of the year	₱554,767	₱66,572
Current year's domestic purchase of services	–	–
Total allowable input taxes for the year		66,572
Claims for tax credit/ refund and other adjustments		–
Balance at end of the year		₱66,572

B. Withholding Taxes

	2024
Expanded withholding taxes	**₱142,250**
Withholding taxes on compensation	**252,572**
	₱394,822

There were no taxes withheld as of December 31, 2023.

C. All Other Taxes (Local and National)

	2024	2023
Trading participant processing fee	**₱250,000**	₱–
Business permit	**13,404**	14,190
Community tax certificate	**8,400**	–
Notarial fees	**7,700**	–
Others	**100,049**	720
	₱379,553	₱14,910

D. Taxes on Importation

In 2024 and 2023, the Company has not imported goods for business use. No customs duties and tariff fees were accrued or paid during the year.

E. Excise Tax

The Company does not have excise tax paid in 2024 and 2023 since it does not have any transactions which are subject to excise tax.

F. Documentary Stamp Tax

The Company does not have documentary stamp tax in calendar years 2024 and 2023.

G. Tax Assessment

The Company has no pending final assessment under the administration of the BIR nor other tax cases under litigation and/or prosecution in courts outside the BIR.

II. Based on RR No. 34-2020

RR No. 34-2020 prescribes the guidelines and procedures on the submission of BIR Form No. 1709, transfer pricing documentation (TPD) and other supporting documents for related party transactions.

The Company is not required to prepare and submit TPD and other supporting documents as the Company did not meet the materiality thresholds under Section 3 of RR No. 34-2020.

MENDOZA
Tugano & Co., CPAs

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SUPPLEMENTAL STATEMENT
OF INDEPENDENT AUDITOR

The Board of Directors and Stockholders
Caballes-Go Securities, Inc.
(Formerly: MVG Securities, Inc.)
16th Floor, Robinsons Equitable Tower,
ADV Avenue corner Poveda Street,
Ortigas Center, Pasig City

We have audited the financial statements of Caballes-Go Securities, Inc. for the year ended December 31, 2024 on which we have rendered the attached report dated April 25, 2025.

Our audits was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary schedules required by paragraph 7, Part II of Revised Securities Regulation Code (SRC) Rule 68 (Annex 68-J), Reconciliation of Retained Earnings Available for Dividend Declaration, and Schedule of Financial Soundness Indicators are the responsibility of the Company's management. These schedules are presented for purposes of complying with Revised SRC Rule 68 (2019), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

For the Firm: **MENDOZA TUGANO & CO., CPAs**

PAMELA GRACE S. TANGSO
Partner
CPA Certificate No. 118635
BOA accreditation No. 9682/P-003
Valid from May 08, 2024 to July 18, 2026
TIN 249-790-835
BIR Accreditation No. 08-008188-003-2024,
December 03, 2024, valid until December 02, 2027
PTR No. 10473024, January 6, 2025, Makati City

April 25, 2025

SCHEDULE I

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)
STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
DECEMBER 31, 2024

There are no liabilities subordinated to claims of general creditors.

SCHEDULE II

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)
COMPUTATION OF RISK BASED CAPITAL ADEQUACY REQUIREMENT/ RATIO PURSUANT TO SRC Rule 49.1-1
DECEMBER 31, 2024

Assets		**₱107,979,740**
Liabilities		**6,803,842**
Equity as per books		**101,175,898**
Adjustments to Equity per books		
Add (Deduct):		
Allowance for market decline		–
Subordinated Liabilities		–
Unrealized Gain / (Loss) in proprietary accounts		–
Deferred Income Tax		(2,160,105)
Revaluation Reserves		–
Deposit for Future Stock Subscription (No application with SEC)		–
Minority Interest		–
Total Adjustments to Equity per books		**(2,160,105)**
Equity Eligible For Net Liquid Capital		**99,015,793**
Contingencies and Guarantees		
Deduct: Contingent Liability		–
Guarantees or indemnities		–
Ineligible Assets		
a. Trading Right and all Other Intangible Assets (net)		–
b. Intercompany Receivables		
c. Fixed Assets, net of accumulated and excluding those used as collateral		12,728,146
d. All Other Current Assets		34,451,428
e. Securities Not Readily Marketable		–
f. Negative Exposure (SCCP)		–
g. Notes Receivable (non-trade related)		–
h. Interest and Dividends Receivables outstanding for more than 30 days		–
i. Ineligible Insurance claims	-	–
j. Ineligible Deposits	-	–
k. Short Security Differences		–
l. Long Security Differences not resolved prior to sale		–
m. Other Assets including Equity Investment in PSE		1,315,046
Total ineligible assets		**48,494,620**

(Forward)

Net Liquid Capital (NLC)		**50,521,173**
Less:		
Operational Risk Reqt (Schedule ORR-1)		**395,011**
Position Risk Reqt (Schedule PRR-1)		**2,614,800**
Counterparty Risk (Schedule CRR-1 and detailed schedules)		–
Large Exposure Risk (Schedule LERR-1, LERR-2, LERR-3)		
LERR to a single client (LERR-1)		–
LERR to a single debt (LERR-2)		–
LERR to a single issuer and group of companies (LERR-3)		–
Total Risk Capital Requirement (TRCR)		**3,009,811**
Net RBCA Margin (NLC-TRCR)		**47,511,362**
Liabilities		**6,803,842**
Add: Deposit for Future Stock Subscription (No application with SEC)		–
Less: Exclusions from Aggregate Indebtedness		
Subordinated Liabilities		–
Loans secured by securities		–
Loans secured by fixed assets		–
Others		–
Total adjustments to AI		–
Aggregate Indebtedness		**6,803,842**
5% of Aggregate Indebtedness		**340,192**
Required Net Liquid Capital (> of 5% of AI or P5M)		**5,000,000**
Net Risk-based Capital Excess / (Deficiency)		**45,521,173**
Ratio of AI to Net Liquid Capital		**13%**
RBCA Ratio (NLC / TRCR)		**1679%**

<u>SCHEDULE III</u>

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)
INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER ANNEX F OF SRC Rule 49.2-1
DECEMBER 31, 2024

Customer's fully paid securities and excess margin securities not in the broker's or dealer's possession or control had been issued as of the report date but for which the required action was not taken by respondent within the frame specified under SRC 49.2-1:

Market valuations: <u>NIL</u>

Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date excluding items arising from "temporary lags which result from normal business operations" as permitted under SRC 49.2-1:

Market valuations: <u>NIL</u>

SCHEDULE IV

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER ANNEX G OF SRC Rule 49.2-1
DECEMBER 31, 2024

As of December 31, 2024, the Company had not commenced operations. Consequently, no customer-related balances existed as of the reporting date, and no reserve requirement was deemed applicable pursuant to SEC regulations.

SCHEDULE V

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)
A REPORT DESCRIBING ANY MATERIAL INADEQUACY FOUND TO EXIST OR FOUND TO HAVE EXISTED SINCE THE DATE OF THE PREVIOUS AUDIT
DECEMBER 31, 2024

We noted no matters involving the Company's internal control structure and its operations that we consider to be material weakness.

SCHEDULE VI

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)
RESULTS OF QUARTERLY SECURITIES COUNT CONDUCTED PURSUANT TO SRC RULE 52.1-10 AS OF THE DATE OF THE POSITION STATEMENT IN THE ANNUAL AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2024

The Company held no securities as of December 31, 2024.

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)
SCHEDULE SHOWING FINANCIAL SOUNDNESS INDICATORS IN TWO COMPARATIVE PERIODS UNDER SRC RULE 68, AS AMENDED
DECEMBER 31, 2024 AND 2023

All secondary licensees of the Commission (financing companies, broker dealer of securities and underwriters) and public companies must present a schedule showing financial soundness indicators in two comparative periods, as follows:

Ratio	Formula	2024	2023
Current ratio	Total current assets	**₱36,256,472**	₱77,286,571
	Divided by total current liabilities	**2,288,013**	400,142
		15.85	193.15
Acid test ratio	Total quick assets	**₱35,252,318**	₱77,219,999
	Divided by total current liabilities	**2,288,013**	400,142
		15.41	192.98
Debt-to-equity ratio	Total liabilities	**₱6,803,842**	₱400,142
	Divided by total equity	**101,175,898**	101,917,080
		0.07	0.00
Asset-to-equity ratio	Total assets	**₱107,979,740**	₱102,317,222
	Divided by total equity	**101,175,898**	101,917,080
		1.07	1.00
Return on equity	Net loss	**(₱526,544)**	₱1,325,326
	Divided by average equity	**101,546,490**	105,218,352
		-0.52%	1.26%
	Average equity is computed as follows:		
	Beginning equity	**₱101,917,080**	₱108,519,623
	Ending equity	**101,175,898**	101,917,080
	Total	**203,092,978**	210,436,704
	Divided by	**2**	2
	Average equity	**₱101,546,490**	₱105,218,352
Return on assets	Net loss	**(₱526,544)**	₱1,325,326
	Divided by average assets	**105,148,481**	105,765,823
		-0.50%	1.25%
	Average assets is computed as follows:		
	Beginning assets	**₱102,317,222**	₱109,214,423
	Ending assets	**107,979,740**	102,317,222
	Total	**210,296,962**	211,531,645
	Divided by	**2**	2
	Average assets	**₱105,148,481**	₱105,765,823
Net profit margin	Net income (loss)	**(₱526,544)**	₱1,325,326
	Divided by net sales	**–**	–
		0.00%	0.00%

SCHEDULE VII

Other relevant ratios:

RBCA ratio	Net liquid capital	**₱50,521,173**	₱28,034,543
	Total risk capital requirement	**3,009,811**	89,544
		1678.55%	31308.12%
Ratio of AI to NLC	Aggregate indebtedness	**₱6,803,842**	₱400,142
	Divided by net liquid capital	**50,521,173**	28,034,543
		13.47%	1.43%

Reconciliation of Retained Earnings Available for Dividend Declaration
As of December 31, 2024

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)

16th Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City

Unappropriated Retained Earnings Deficit, as adjusted *as adjusted to available for dividend distribution, beginning*	**(₱3,082,920)**
Add/Less: Net loss for the current year	**(526,544)**
Adjusted Net Loss	**(3,609,464)**
Total Retained Earnings Deficit, end of the reporting period available for dividend	**(3,609,464)**

CABALLES-GO SECURITIES, INC.
(Formerly: MVG Securities, Inc.)
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE RELATED INFORMATION
For the Year Ended December 31, 2024
(With comparative figures for 2023)
(Amounts in Philippine Peso)

	2024	2023
Total Audit Fees	**₱80,000**	₱25,000
Non-audit services fee:		
Other assurance services	₱–	₱–
Tax services	–	–
All other services	–	–
Total Non-audit Fees	**₱–**	₱–
Total Audit and Non-audit Fees	**₱80,000**	₱25,000