



SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Name: LUNA SECURITIES, INC.

Industry Classification: J68121

Company Type: Stock Corporation

Document Information

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Jen Valerio <jen.valerio@lunasecurities.com>
To: Jessiely Luz Dupale <jclydupale3@gmail.com>

Tue, Apr 14, 2026 at 11:15 AM

Regards,
Jennifer D. Valerio
Accounting / Cash Settlements Officer
Luna Securities, Inc.

 jen.valerio@lunasecurities.com
 +63 998 558 1108
 +632 8702 0455
 Unit 601, Emerald Mansion, F. Ortigas Jr. Road, Ortigas Center, Pasig City 1605



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

ANNUAL AUDITED FINANCIAL STATEMENTS

Information Required of Brokers and Dealers Pursuant to Rule 37 (a)-6 to the Revised Securities Act.

Report for the Period Beginning January 1, 2025 to December 31, 2025

IDENTIFICATION OF BROKER OR DEALER

Name of Dealer:	LUNA SECURITIES, INC.		
Address of Principal Place of Business:	Unit 601, Emerald Mansion F. Ortigas Road, Ortigas Center, Pasig City		
Name and Phone Number of persons to Contact in Regards to this Report:			
Name:	Christian Carl P. Diaz	Tel. No.	8898 7522
		Fax. No.	N/A

IDENTIFICATION OF ACCOUNTANT

Name of Independent Certified Public Accountant whose opinion is contained in this report			
Name:	TEODORO SANTAMARIA AND CO.	Telefax No.	812-4202
Address:	Suite 2108 Cityland 10 Tower 1, 156 H.V. Dela Costa St., Salcedo Village, Makati City.		
CPA Certificate Number:	083524	Valid until:	December 9, 2026
SEC Accreditation No.:	5593-SEC	Valid until	2025
PTR Number:	10768479	Date Issued:	January 6, 2026

LUNA SECURITIES, INC.

**FINANCIAL STATEMENTS
DECEMBER 31, 2025**



**STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS**

SECURITIES AND EXCHANGE COMMISSION

7907 Makati Ave, Salcedo Village,
Makati City

The management of Luna Securities, Inc. (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, 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 or members.

Teodoro Santamaria and Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



MICHAEL JOHN P. GATMAYTAN
Chairman of the Board and President



JENNIFER D. VALERIO
Treasurer

Signed this 08th day of April 2026.



TEODORO SANTAMARIA AND Co.
CERTIFIED PUBLIC ACCOUNTANTS

Suite 2108 Cityland 10 Tower 1
156 H.V. Dela Costa St.
Salcedo Village 1226
Makati City, Philippines

Tel : (632) 8812 - 4202

(632) 8553 - 4845

Email: tscocpas@gmail.com

Trust Service Commitment

Supplemental Written Statement Accompanying
Report of Independent Auditors

The Board of Directors and Stockholders
Luna Securities, Inc.

Unit 601, Emerald Mansion,
F. Ortigas Jr. Road, Ortigas Center
Pasig City

We have audited the financial statements of Luna Securities, Inc. for the year ended December 31, 2025 on which we have rendered the attached report dated April 8, 2026.

In compliance with SRC Rule 68 we are stating that the above Company has eight (8) shareholders, with one (1) stockholder owning more than one hundred (100) shares.

TEODORO SANTAMARIA AND CO.

By: Rachel Lydia T. Santamaria

Partner

CPA License No. 083524

Valid until December 9, 2026

BOA/PRC Registration No. 5593 (Firm)

Valid until September 26, 2027

BOA/PRC Registration No. 5593/P-001 (Individual)

Valid until September 26, 2027

SEC Accreditation No. 5593- SEC (Firm)

Valid until 2025 Financial Statements of SEC covered institutions

SEC Accreditation No. 83524- SEC (Individual)

Valid until 2025 Financial Statements of SEC covered institutions

BIR A.N. 08-008055-000-2025 (Firm)

Valid until March 11, 2028

BIR A.N. 08-008055-001-2025 (Individual)

Valid until March 11, 2028

T.I.N. 102-921-088

PTR No. 10768479/Makati City

January 6, 2026

April 8, 2026
Makati City, Philippines



TEODORO SANTAMARIA AND Co.
CERTIFIED PUBLIC ACCOUNTANTS

Suite 2108 Cityland 10 Tower 1
156 H.V. Dela Costa St.
Salcedo Village 1226
Makati City, Philippines

Tel : (632) 8812 - 4202

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Email: tscocpas@gmail.com

Trust Service Commitment

Report of Independent Auditors

The Board of Directors and Stockholders

Luna Securities, Inc.

Unit 601, Emerald Mansion,
F. Ortigas Jr. Road, Ortigas Center
Pasig City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Luna Securities, Inc.**, (The Company) which comprise the statements of financial position as at **December 31, 2025 and 2024**, and the related statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

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.

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 PFRSs, 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.

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 decisions 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 cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 Supplemental Information required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 21 of the Notes to Financial Statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the 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.

Report on Supplementary Information required by the Securities and Exchange Commission

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The attached supplementary information disclosed in the attached Schedules 1 to 7 is presented for the purpose of filing with the Securities and Exchange Commission as required under the Revised Securities Regulation Code (Revised SRC) Rule 68, and is not a required part of the basic financial statements. Such information is the responsibility of the 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.

TEODORO SANTAMARIA AND CO.


By: **Rachel Lydia T. Santamaria**

Partner

CPA License No. 083524

Valid until December 9, 2026

BOA/PRC Registration No. 5593 (Firm)

Valid until September 26, 2027

BOA/PRC Registration No. 5593/P-001 (Individual)

Valid until September 26, 2027

SEC Accreditation No. 5593- SEC (Firm)

Valid until 2025 Financial Statements of SEC covered institutions

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Valid until March 11, 2028

T.I.N. 102-921-088

PTR No. 10768479/Makati City

January 6, 2026

April 8, 2026

Makati City, Philippines

LUNA SECURITIES, INC.

STATEMENTS OF FINANCIAL POSITION

		December 31		Market value of securities				
		Notes	2025	2024	December 31, 2025		December 31, 2024	
					Long	Short	Long	Short
(In Philippine Peso)								
Assets								
Current assets								
Cash and cash equivalents	7	161,229,053	132,908,895					
Other receivables	9	4,719,736	1,207,731					
Prepayments and other current assets	10	1,394,727	1,241,333					
Total current assets		167,343,516	135,357,959					
Non-current assets								
Exchange trading right	11	7,700,000	8,000,000					
Deferred tax asset	18	3,430,405	2,628,117					
Other non-current assets	10	541,120	501,420					
Total non-current assets		11,671,525	11,129,537					
Total assets		179,015,041	146,487,496					

Securities

In box, with Philippine Depository and Trust Corporation, transfer offices and clearing house
-forward-

1,256,470,550

623,046,846

	Notes	December 31		Market value of securities			
		2025	2024	December 31, 2025		December 31, 2024	
				Long	Short	Long	Short
(In Philippine Peso)							
<u>Liabilities and equity</u>							
Current liabilities							
Payable to customers	12	75,985,963	40,655,541	1,256,470,550		623,046,846	
Payable to non- customers		-	-				
Due to related party	14	901,268	4,185,520				
Other current liabilities	13	760,100	773,691				
Total current liabilities		77,647,331	45,614,753				
<u>Equity</u>							
Share capital	15	100,000,000	100,000,000				
Retained earnings - appropriated	15	2,758,536	2,656,349				
Retained earnings - unappropriated	15	(1,390,826)	(1,783,606)				
Total equity		101,367,710	100,872,744				
Total liabilities and equity		179,015,041	146,487,496	1,256,470,550	1,256,470,550	623,046,846	623,046,846

See accompanying notes to financial statements.

LUNA SECURITIES, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	For the years ended December 31	
		2025	2024
(In Philippine Peso)			
Revenue	16	3,301,788	3,115,802
Cost of services	17	1,742,674	1,406,470
Gross income		1,559,114	1,709,333
Operating expenses			
Compensation and benefits		4,187,083	5,188,155
Rent expense		766,984	797,207
Postage, telephone, and communication		659,027	659,177
Professional fees		480,000	526,400
Provision for impairment loss	11	300,000	-
Association dues		286,328	229,691
Taxes and licenses	21	89,599	35,375
Trainings and seminars		6,250	-
Office supplies		1,000	4,725
Penalties		-	20,393
Representation		-	9,474
Donation and contribution		-	4,018
Utilities expense		-	1,461
Transportation and travel		-	880
Repairs and maintenance		-	200
Miscellaneous expenses		1,535	22,205
Total operating expenses		6,777,804	7,499,361
Loss from operations		(5,218,690)	(5,790,028)
Other revenue:			
Interest revenue	7	4,913,349	4,443,915
Foreign exchange gain		29,781	2,448
Other loss, net	8	-	(720)
		4,943,131	4,445,643
Loss before income tax		(275,559)	(1,344,385)
Income tax benefit	18	(1,297,425)	(1,442,589)
Net income		1,021,866	98,204
Earnings per share	19	1.02	0.10

See accompanying notes to financial statements.

LUNA SECURITIES, INC.

STATEMENTS OF CHANGES IN EQUITY

	Common Share Capital (Note 15)	Retained Earnings		Total
		Unappropriated (Note 15)	Appropriated	
		(In Philippine Peso)		
Balance as of January 1, 2024	100,000,000	(1,871,989)	2,646,529	100,774,540
Total comprehensive income	-	98,204	-	98,204
Appropriation of retained earnings		(9,820)	9,820	-
Balance as of December 31, 2024	100,000,000	(1,783,606)	2,656,349	100,872,744
Total comprehensive income	-	1,021,866	-	1,021,866
Expiration of carry over benefits - NOLCO		(526,899)		(526,899)
Appropriation of retained earnings		(102,187)	102,187	-
Balance as of December 31, 2025	100,000,000	(1,390,826)	2,758,536	101,367,710

See accompanying notes of financial statements.

LUNA SECURITIES, INC.

STATEMENTS OF CASH FLOWS

	Notes	For the years ended December 31	
		2025	2024
		(In Philippine Peso)	
Cash flows from operating activities			
Loss before income tax		(275,559)	(1,344,385)
Adjustments for:			
Interest income	7	(4,913,349)	(4,443,915)
Expiration of carry over benefits -NOLCO		(526,899)	-
Operating loss before working capital changes		(5,715,808)	(5,788,300)
(Increase)/Decrease in:			
Other receivables	9	(3,512,006)	(380,202)
Prepayments and other current assets	10	(153,394)	(25,811)
Provision for impairment loss		300,000	-
Increase/(Decrease) in:			
Payable to customers	12	35,330,422	20,630,681
Due to related parties	14	(3,284,253)	1,244,274
Other current liabilities	13	(13,591)	(53,403)
Cash generated from operations		22,951,371	15,627,239
Interest received	7	4,913,349	4,443,915
Income taxes paid	18	495,137	(34,187)
Net cash provided by operating activities		28,359,857	20,036,968
Cash flows from investing activity			
Additional deposit	10	(39,700)	(24,588)
Net increase in cash and cash equivalents		28,320,158	20,012,379
Cash and cash equivalents, January 1	7	132,908,895	112,896,516
Cash and cash equivalents, December 31	7	161,229,053	132,908,895

See accompanying notes to financial statement

LUNA SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS (Amounts in Philippine Peso, unless otherwise stated.)

1. Corporate Information

Luna Securities, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 21, 2007 primarily to engage in the business of a stock brokerage. The Company, until October 2021 is a wholly-owned subsidiary of Vicsal Investment, Inc. (VII or the Parent Company), a corporation duly organized in the Philippines. VII is a wholly-owned subsidiary of Vicsal Development Corporation (the Ultimate Parent Company), a corporation duly organized in the Philippines.

On October 19, 2021, a Deed of Conveyance of Shares of Stock was executed between VII and Millenium Advisors and Management Corporation (MAMC), assigning, transferring and conveying one million (1,000,000) common shares of the Company from VII to MAMC, taking 100% ownership.

The Company changed its name to Luna Securities, Inc. from VSec.Com Inc. approved by the Securities and Exchange Commission (SEC) on December 24, 2021.

The Company's registered business address is at Unit 601 Emerald Mansion F. Ortigas Jr. Road Ortigas Center San Antonio, Pasig City. Its former address was at Unit 1908 PSE Tower, 5th Avenue Corner 5th St., BGC, Taguig City

2. Material Accounting Policies

Statement of Compliance

The accompanying financial statements were prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), Interpretation of the Philippine Interpretations Committee (PIC), Standing Interpretation Committee (SIC), and International Financial Reporting Standards Interpretations Committee (IFRSIC) which have been adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) and approved by the Board of Accountancy (BOA) and the SEC.

Basis of Preparation of Financial Statements

The accompanying financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss which are measured at fair value. The preparation of the financial statements in accordance with PFRS requires the use of critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the financial statements are discussed in Note 3.

Functional and Presentation Currency

These financial statements are presented in Philippine Peso, the Company's functional currency and all values are rounded to the nearest Peso, except when otherwise indicated.

Current Versus Non-current Classification

The Company presents assets and liabilities in the statement of financial position on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed within a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled within a normal operating cycle;
- It is held primarily for trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Adoption of New and Revised IFRS Accounting Standards

Effective in 2025, the Company adopted the following new and revised PFRS Accounting Standards and Interpretations that are mandatory for the annual reporting period beginning on or after 1 January 2025.

- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*
The Company has adopted the amendments to IAS 21 Lack of Exchangeability for the first time for the annual reporting period commencing 1 January 2025. The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would take place at a measurement date and at a spot exchange rate. The adoption of these amendments did not have a material impact on the financial position or performance of the Company as of cut-off date. The amendments were applied prospectively from 1 January 2025. No adjustments to opening retained earnings were required.
- *Amendments to IAS 1 and IFRS 7 – Supplier Finance Arrangements*
Effective 1 January 2025, the Company adopted amendments to IAS 7 and IFRS 7 concerning supplier finance arrangements. These amendments require entities to provide both qualitative and quantitative disclosures about these arrangements. Disclosures have been updated to reflect the impact of these arrangements on liabilities and cash flows.
- *Other Amendments*
Amendments to the SASB standards to enhance international applicability were also adopted effective 1 January 2025 but did not significantly impact the financial statements.

New Accounting Standards Issued But Not Yet Effective

In accordance with IAS 8:30, entities must disclose information about new standards that have been issued but are not yet effective.

- *IFRS 18 Presentation and Disclosures in Financial Statements*
Issued in April 2024, IFRS 18 is effective for annual periods beginning on or after 1 January 2027, with early application permitted. It replaces IAS 1 and introduces new categories for

income and expenses (operating, investing, financing) and mandates disclosure of management-defined performance measures. The Company is evaluating the potential impact of IFRS 18 on its financial statement presentation and required disclosures.

- *IFRS 19 Subsidiaries without Public Accountability: Disclosures*
IFRS 19, issued in May 2024 and effective for periods starting on or after 1 January 2027, allows eligible subsidiaries to use reduced disclosure requirements. The Company is assessing whether it qualifies for IFRS 19, which could lead to fewer disclosures in the financial statement notes.
- *Amendments to IAS 21 – Translation to a Hyperinflationary Currency (Effective 1 January 2027)*
The amendments relate to the translation of financial statements from a functional currency not subject to hyperinflation into a reporting currency that is.
- *Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments (Effective 1 January 2026)*
These amendments clarify the "solely payments of principal and interest" (SPPI) criterion for financial assets, particularly those with non-recourse features or ESG-linked features.

The Company is in the process of evaluating the impact of these standards and amendments but does not expect them to have a material effect on the financial statements upon adoption.

Material Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Short-term investment that have a term of more than three (3) months are not considered cash equivalents.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy,

described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the statement of financial condition on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments - Initial Recognition

Date of Recognition

Financial instruments are any contracts that give 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 financial liability in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the trade date.

Classification of Financial Instruments

All financial instruments are initially recognized at fair value of the consideration given (in case of an asset) or received (in case of liability). Except for financial instruments at FVPL, the initial measurement of financial instruments includes transaction costs. Financial assets are measured at FVPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Company may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (SPPI test).

Business Model Test

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel

- The risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) Test

As a second step of its classification process, the Company assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Financial Assets at Amortized Cost

Debt financial assets are measured at amortized cost if both of the following conditions are met:

- The asset is held within the Company's business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using effective interest method less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of comprehensive income. Gains and losses are recognized in statement of comprehensive income when these investments are derecognized or impaired, as well as through the amortization process.

As of December 31, 2025 and 2024, the Company's financial assets measured at amortized cost include 'Cash and cash equivalents (except cash on hand)' and 'Other receivables', and CTGF refundable deposits under 'Other assets' (see Note 10).

Financial Liabilities

Other financial liabilities are financial liabilities not classified or designated at FVPL and contains contractual obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

This accounting policy applies primarily to the Company's 'Payable to customers' and 'Other liabilities'.

Derecognition of Financial Assets and Liabilities

Financial Asset

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

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

Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Write-offs

Financial assets are written off either partially or in their entirety when the Company no longer expects collections or recoveries within a foreseeable future. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to provision for credit losses.

Impairment of Financial Assets

The Company recognizes an ECL 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).

Assessment of Significant Increase in Credit Risk/Staging Assessment

For non-credit-impaired financial assets:

- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Company recognizes a 12-month ECL for Stage 1 debt financial assets.

- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Company recognizes a lifetime ECL for Stage 2 debt financial assets.

For credit-impaired financial assets:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows from the financial instruments. The ECL model requires that lifetime ECL be recognized for these impaired financial instruments. The ECL model requires that lifetime ECL be recognized for these impaired financial assets.

Refer to Note 4 for the Company's ECL methodology.

SCCP Contribution

The Company makes contributions to the Securities Clearing Corporation of the Philippines (SCCP) in the normal course of business. The initial contribution of the Company to the clearing fund of the SCCP is recognized as an asset as the Company expects to derive future economic benefits from such contribution, being a necessary outlay of a stock brokerage firm to enable it to conduct its business. Monthly contributions to SCCP are recorded as an asset of the broker which will be refunded upon cessation of business and or upon termination of the broker's membership with the SCCP.

Exchange Trading Right

Exchange trading right was acquired, together with Philippine Stock Exchange (PSE) shares, in exchange for the PSE membership seat under the conversion program of PSE. The exchange trading right is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the PSE shares), less allowance for impairment loss.

The exchange trading right is deemed to have an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Company. It is tested annually for any impairment in value. Any impairment loss is charged directly to profit or loss.

Intangible Asset

Costs that are directly associated with identifiable and unique software controlled by the Company and that generate economic benefits exceeding costs beyond one year, are recognized as 'Intangible asset'. Capitalized computer software cost is amortized on a straight-line basis over two (2) to five (5) years.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that property and equipment may be impaired. Exchange trading right is tested for impairment annually, irrespective of whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for a nonfinancial asset is required, the Company makes an estimate of the nonfinancial asset's recoverable amount. A nonfinancial asset's recoverable amount is the higher of a nonfinancial asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the nonfinancial asset does not generate cash inflows that are largely independent of those from other nonfinancial assets or groups of nonfinancial assets. When the carrying amount of a nonfinancial asset exceeds its recoverable amount, the nonfinancial asset 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 nonfinancial asset.

An impairment loss is charged in profit or loss in the year in which it arises.

Impairment assessment is made at each reporting 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, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in profit or loss. For property and equipment, after such a reversal, the depreciation 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.

Related Party Transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence over the party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

Capital Stock

Capital stock is composed of common and preferred shares which are measured at par value for all shares issued and outstanding.

Retained Earnings

Retained earnings represent accumulated earnings and losses of the Company less dividends declared. Appropriated retained earnings represent accumulated appropriation of a certain minimum percentage of the Company's net income as required for every broker-dealer.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company has concluded that it is the principal in all of its revenue arrangements except for its brokerage transactions. The following specific recognition criteria must also be met before revenue is recognized:

Commissions

Commissions are recognized as income upon confirmation of trade deals. These are computed for every trade transaction based on a flat rate or a percentage of the amount of trading transaction, whichever is higher.

Interest income

Interest income is recognized in profit or loss as it accrues, taking into account the effective yield of the asset.

Dividends

Dividend income is recognized when the Company's right to receive payment is established.

Trading gains (losses)

Trading gains (losses) comprise changes in fair value of financial assets at FVPL for the reporting period.

Expense Recognition

Expenses encompass costs of administering the business and losses arising in the course of the ordinary activities of the Company. Expenses are recognized when incurred.

Leases

Policy Applicable upon adoption of PFRS 16

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 in time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses definition of a lease in PFRS 16. This policy is applied to contracts entered into on or after January 1, 2019.

Short-term Leases and Leases of Low-Value Assets

The Company has elected not to recognize right-of-use assets and liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expressed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits

The Company accrues retirement benefits in compliance with Republic Act (R.A.) No. 7641 “Philippine Retirement Law” which requires an entity to pay retirement benefits to employees who retire after reaching the mandatory retirement age of 65 years old or the optional retirement age of 60 years old with at least five (5) years of service of the Company.

Earnings/ (Loss) Per Share

Earnings/ (Loss) per share is computed by dividing net profit/ (loss) by the weighted average number of shares issued and outstanding at the end of the year.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and the tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Deferred tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting 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, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are applicable 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 at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income (OCI) or directly to equity.

Events After the Reporting Date

Post-year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post-year-end events that are non-adjusting events are disclosed in the notes to the financial statements when material.

3. Material Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRSs requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and contingent assets and liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any change in estimates is reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

The Company does not have significant accounting judgments which have significant effect on the amounts recognized in the financial statements.

Estimates

Trading Rights

As at December 31, 2025, the fair value less costs to sell of the exchange trading right amounted to P7,700,000 in 2025, representing the transacted price of the exchange trading right of the most recent sale approved by the PSE on September 17, 2025. As at December 31, 2025 and 2024, the carrying value of the exchange trading right amounted to P7,700,000 and 8,000,000, respectively.

Retirement Benefits

The Company has less than 10 employees and does not have a formal retirement benefits plan. However, the determination of the Company's obligation on retirement benefits is based on the required amounts under R.A. No. 7641. Management believes that the effect on the financial statements of the difference between the current method used by the Company and the required actuarially determined valuation method is not significant.

As of December 31, 2025, the Company has no qualified employee under R.A No. 7641.

Recognition of Deferred Tax Assets

Deferred tax assets are recognized for deductible temporary differences, NOLCO and excess of MCIT over RCIT. The Company reviews the carrying amount of any recognized deferred tax assets at each reporting date and reduces it to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

The Company was in a tax loss position in 2023. Based on the Company's forecast, management assessed that it is not probable that sufficient future taxable income may be available to utilize the 2022 and prior years deferred tax assets on NOLCO and MCIT prior to expiration. Accordingly, the Company did not recognize deferred tax assets related to NOLCO and MCIT for 2022 and prior years. Refer to Note 18 for the details of these unrecognized deferred tax assets. For 2025 and 2024, however, the Company estimates that profits will flow within the next operating years. Thus, NOLCO was recognized for the years 2025 and 2024.

4. Financial Risk Management Objectives and Policies

The Company's financial assets, such as receivables, financial assets at FVPL and short-term deposits and placements, directly arise from its operations. Its principal financial liabilities comprise of payable to customers and non-customers, due to related parties and other current liabilities.

The Board of Directors (BOD) directs the Company's overall risk management strategy and performs an oversight function on the Company's implementation of its risk policies.

Risks are being measured through a Risk-Based Capital Adequacy (RBCA) ratio as mandated by the SEC. The RBCA ratio refers to the minimum level of capital that has to be maintained by the Company taking into consideration the size, complexity and business risk. Such risks that are considered in determining the capital requirement include, among others, operational, position and credit risks.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. Market risk pertains to equity price risk. The Company's policies for managing the aforementioned risks are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The nature of the business exposes the Company to a potential risk of loss due to a counterparty defaulting on a contract. To a stockbroker, credit risk, such as counterparty risk, settlement risk, large exposure risk and margin financing risk, normally arises from unsettled customer purchases, undelivered securities, unsettled loans and advances, margin lending, default by bond issuer and undelivered services, among others. The Company mitigates its credit risk by transacting with recognized and creditworthy customers on cash basis purchases only.

The Company further limits its trading credit risk by its custody of the defaulting parties' shares of stock as collateral to the latter's purchases. In accordance with Risk-Based Capital Adequacy (RBCA)'s requirement, limit is imposed to avoid large exposure on single client/counterparty, single debt issue and single equity relative to a particular issuer company and its group of companies.

Maximum exposure to credit risk before collateral held or other credit enhancements

As of December 31, 2025 and 2024, the maximum exposure to credit risk is the carrying value at reporting date of each class of financial assets of the Company.

The Company does not have financial guarantees and loan commitments and other credit-related liabilities.

Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Company's financial strength and undermine public confidence.

The Company's policies and procedures include specific guidelines which focus on maintaining a diversified portfolio. In order to avoid excessive concentrations of risk, identified concentrations of credit risks are controlled and managed accordingly.

As of December 31, 2025 and 2024, the Company's financial assets are placed with financial institutions.

Credit quality per class of debt financial assets

The credit quality of the financial assets of the Company was determined as follows:

a. Cash and cash equivalents

Cash and cash equivalents are considered high grade if invested or deposited in local banks belonging to the top banks in terms of resources and profitability.

b. Receivables

- High grade - These are receivables which have a high probability of collection (i.e., the counterparty has the apparent ability to satisfy its obligation and the securities on the receivables are readily enforceable).
- Medium grade - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a long period of time.
- Low grade- These are receivables from counterparties with history of default and with partially or unsecured accounts but are not past due as of the reporting date.

As of December 31, 2025 and 2024, the Company's cash and cash equivalents (excluding cash on hand), receivables and CTGF refundable deposits are all assessed to be High grade.

Impairment assessment

The Company measures a credit loss allowance on a financial asset based on whether it has had a significant increase in credit risk since initial recognition. Accordingly, the Company categorizes its financial assets into three categories:

- stage 1 - financial asset that has not had a significant increase in credit risk;
- stage 2 - financial asset that has had a significant increase in credit risk; and
- stage 3 - financial asset in default.

The Company applies the low credit risk simplification provided under PFRS 9 in the staging assessment of its cash and cash equivalents (excluding cash on hand), receivables and CTGF refundable deposits. Under this operational simplification the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition (i.e. under 'Stage 1') if the financial instrument is determined to have a low credit risk at the reporting date. In this case, an external rating of 'investment grade' is considered as having in low credit risk. Otherwise, those financial instruments that are non-investment grade' are under 'Stage 2'.

The Company calculates ECL either on an individual or a collective basis. The Company performs collective impairment by grouping exposures into smaller homogeneous portfolios based on a combination of borrower and account characteristics. Accounts with similar risk attributes (i.e. facility, security, credit rating, months-on-books, utilization and collateral type, etc.) are pooled together for calculation provisions based on the ECL models.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows

- PD – The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
- EAD – The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments
- LGD – The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD

- *Economic Overlays*

The Company incorporates economic overlays into the measurement of ECL to add a forward-looking risk measure parallel to the expected future macroeconomic atmosphere. A broad range of economic indicators were considered for the economic inputs. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To address this, quantitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

As of December 31, 2025 and 2024, the Company's cash and cash equivalents (excluding cash on hand), receivables and CTGF refundable deposits are all assessed and classified as Stage 1. Management determined that ECL is negligible for its debt financial assets, and thus, no provision is recognized based on the following:

Credit risk of cash and cash equivalents is assessed to be minimal since these are placed and recoverable from banks with high external credit ratings.

Other receivables consist of interest receivable arising from short-term placements, due from related party (Parent Company) which is repayable on demand and advances to employees which are automatically deducted from the employees' salaries.

CTGF refundable deposits which are refundable upon cessation of the Company's business and/or termination of membership with SCCP are considered to be highly probable of collection.

Liquidity Risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Company's inability to meet its obligations when they become due without incurring unacceptable losses or costs. The Company's liquidity risk is managed by holding sufficient liquid assets to ensure short-term funding requirements are met. Deposits with banks are made on a short-term basis with almost all being available on demand or within three months. Liquidity is monitored by the Company on a regular basis.

Analysis of financial assets and liability by remaining contractual maturities.

The tables below show the maturity profile of the financial instruments of the Company, based on its internal methodology that manages liquidity based on contractual undiscounted cash flows (except for the financial assets at FVPL which were based on expected disposal date) as of December 31.

	Notes	On demand	1 to 3 months	4 to 12 months	Over 1 year	Total
2025						
Financial Assets						
Loans and receivables:						
Cash and cash equivalents	7	31,938,332	129,290,721			161,229,053
Receivables	9	3,662,914				3,662,914
Other Receivables	9	1,056,822	-			1,056,822
		36,658,068	129,290,721	-	-	165,948,789
Financial Liabilities						
Other financial liabilities:						
Payable to customers	12	75,985,963				75,985,963
Due to related party	14	901,268				901,268
Other current liabilities	13	760,100				760,100
Total		77,647,331	-	-	-	77,647,331

	Notes	On demand	1 to 3 months	4 to 12 months	Over 1 year	Total
2024						
Financial Assets						
Loans and receivables:						
Cash and cash equivalents	7	33,966,899	98,941,996			132,908,895
Other Receivables	9	1,207,731	-			1,207,731
		35,174,629	98,941,996			134,116,626
Financial Liabilities						
Other financial liabilities:						
Payable to customers	12	40,655,541				40,655,541
Due to related party	14	4,185,520				4,185,520
Other current liabilities	13	773,691				773,691
Total		45,614,753	-	-	-	45,614,753

Market Risk

Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price caused by changes in interest rates, equity prices and other market factors. The central focus of risk measurement on this type of risk is the Company's financial assets at FVPL.

Equity price risk

The Company's equity price risk emanates from its securities in proprietary accounts which are financial instruments classified as financial assets at FVPL. The Company measures the sensitivity of its investment securities by using Philippine Stock Exchange (PSE) index (PSEi) fluctuations.

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the trading losses for one year, based on the beta rate of equity securities at each reporting date. The sensitivity of trading losses is calculated by revaluing the market rate using the beta rate of the equity securities at the reporting dates for the effects of the assumed changes in PSE.

Interest Rate Risks

This risk arises when there is a possible change on interest rate of +100 basis points and -100 basis points on December 31, 2025 and 2024 which will affect the future cash flows or fair value of financial instruments. These changes are considered to be reasonably possible based on observation of current market conditions. All other variables are held constant.

2025	Change in +10 basis points		Change in -10 basis points	
	Effect on net results	Effect on Equity	Effect on net results	Effect on Equity
Cash and cash equivalents	161,229	128,983	(161,229)	(128,983)

2024	Change in +10 basis points		Change in -10 basis points	
	Effect on net results	Effect on Equity	Effect on net results	Effect on Equity
Cash and cash equivalents	132,909	106,327	(132,909)	(106,327)

5. Categories and Fair Value of Financial Assets and Liabilities

Comparison of Carrying Values and Fair Values

The carrying amounts and fair values and the categories of financial assets and liabilities presented in the statements of financial position are shown below:

Financial assets

Loans and receivables:					
Cash and cash equivalents	7	161,229,053	161,229,053	132,908,895	132,908,895
Receivables	9	3,662,914	3,662,914		
Other receivables	9	1,056,822	1,056,822	1,207,731	1,207,731
Prepayments and other current assets	10	1,394,727	1,394,727	1,241,333	1,241,333
		167,343,516	167,343,516	135,357,959	135,357,959

Other financial liabilities					
Payable to customers	12	75,985,963	75,985,963	40,655,541	40,655,541
Due to related party	14	901,268	901,268	4,185,520	4,185,520
Other current liabilities	13	760,100	760,100	773,691	773,691
		77,647,331	77,647,331	45,614,753	45,614,753

All financial assets and financial liabilities of the Company have carrying amounts that approximate their fair values due to their relative short-term maturities.

As of December 31, 2025 and 2024, the Company has no financial instruments with fair values classified under Level 2 and Level 3. There were no transfers between levels in 2025 and 2024.

6. **Capital Management Objectives, Policies and Procedures**

The Company's objective is to maintain and safeguard its ability to continue as a going concern entity and provide its shareholders a satisfactory return. The Company monitors its capital on the basis of the equity's carrying amount as presented on the face of its statements of financial position, thus-

The Company's strategy is to maintain a gearing ratio not exceeding 80%. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2025	2024
Net debt	(83,581,721)	(87,294,142)
Net equity	101,367,710	100,872,744
Total capital	17,785,989	13,578,602
Gearing ratio	(470%)	(643%)

The primary objectives of the Company's capital management are to ensure that it complies with externally imposed capital requirements and to maintain strong credit ratings and healthy capital ratios in order to support its business and to maximize stockholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payments to shareholders or issue capital shares. No changes were made in the objectives, policies and processes from the previous years.

Regulatory Qualifying Capital

The Amended Implementing Rules and Regulations of the SRC effective February 28, 2004, include, among others, revisions in 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 ₱5.00 million or 5.00% of aggregate indebtedness, whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities, (b) to allow the SEC to set a different net capital requirement for those authorized to use the RBCA model, and (c) to require unimpaired paid-up capital of ₱100.00 million for broker dealers, which are either first time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; ₱10.00 million plus a surety bond for existing broker dealers not engaged in market making transactions; and ₱2.50 million for broker dealers dealing only in proprietary shares and not holding securities.

RBCA ratio of a broker dealer, computed by dividing the Net Liquid Capital (NLC) by the Total Risk Capital Requirement (TRCR), should not be less than 110.00%. NLC and TRCR are computed based on the existing SRC. NLC consists of total equity adjusted for allowance for market decline, subordinated liabilities, deferred tax assets, revaluation reserves, deposits for future stock subscription, minority interest, if any, contingencies and guarantees, and the total ineligible assets.

Also, the AI of every stockbroker should not exceed 2,000.00% of its NLC and at all times shall have and maintain NLC of at least ₱5.00 million or 5.00% of the AI, whichever is higher.

Further, SEC Memorandum Circular No. 16 dated November 11, 2004 provides the guidelines on the adoption in the Philippines of the RBCA Framework for all registered broker-dealers in accordance with the 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) risk.

On May 28, 2009, the SEC approved the PSE's Rules Governing Trading Rights and Trading Participants, which supersede the Membership Rules of the PSE. Section 8 (c) of Article 3 of the said rule requires trading participants to have a minimum unimpaired capital, as defined by the SEC, of ₱20.00 million effective December 31, 2009, and ₱30.00 million effective December 31, 2010 and onwards. This applies only to trading participants who opted to defer compliance with the ₱100.00 million unimpaired capital requirements.

On January 16, 2014, the Capital Markets Integrity Corporation (CMIC), the independent audit surveillance and compliance unit of PSE, issued a memorandum circular informing trading participants to maintain status quo for purposes of computing RBCA ratio despite the change in the financial statement presentation or receivables and payables for trading operations as required by the related accounting standards.

As of December 31, 2025 and 2024, the Company is in compliance with the RBCA ratio. The RBCA ratios of the Company as reported to the SEC as of December 31, 2025 and 2024 are shown in the table below.

	2025	2024
Equity eligible for net liquid capital	97,937,305	98,244,627
Less: Ineligible assets	14,424,851	11,033,425
Total	83,512,454	87,211,202
Operational risks	955,952	533,726
Position risks	4,709	-
Counterparty risk	-	-
Total Risk Capital Requirement	960,661	533,726
AI	77,647,331	45,614,753
5% of AI	3,882,367	2,280,738
Required NLC	5,000,000	5,000,000
Net Risk-Based Capital Excess	78,512,454	82,211,202
Ratio of AI to NLC	93%	52%
RBCA Ratio	8693%	16340%

When aggregate indebtedness exceeds 1,700.00% of NLC and when RBCA ratio is less than 120.00%, which are critical levels, the Company must notify the SEC in writing of such occurrence within twenty-four (24) hours. The SEC may, after the receipt of the notice, direct the Company in the conduct of its operations and/or impose conditions, if necessary. The Company is given ten (10) days to effect its proposal and pending actual implementation and must notify the SEC of its daily NLC position.

Meanwhile, if operational risk becomes greater than core equity, the Company is allowed to continue operations provided a capital build up plan is submitted and realized within ninety (90) calendar days from the time of breach.

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

Equity eligible for NLC

This pertains to equity as per books adjusted for all other liabilities which in substance can be treated as sources of capital, less ineligible equity items.

Ineligible assets

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

Operational risk requirement

This amount is required to cover a level of operational risk. Operational risk is the exposure associated with 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.

Position risk requirement

This amount is necessary to accommodate a given level of position risk. Position risk is a risk to which a broker dealer is exposed to and arising from securities held by it as a principal or in its proprietary or dealer account.

Large Exposure Risk (LER) requirements

This amount is necessary to accommodate a given level of the broker dealer's LER which is in excess of the LER limit. LER limit is the maximum permissible large exposure and calculated as a percentage of core equity.

Aggregate indebtedness

This is the total money liabilities of a broker dealer 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' account having short positions in securities, but subject to certain exclusions.

7. Cash and Cash Equivalents

This account consists of:

	Note	2025	2024
Cash in bank		31,938,332	33,966,899
Short-term placements	14	129,290,721	98,941,996
		161,229,053	132,908,895

Cash in banks earn interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest ranging from 3.94% to 5.13% in 2025 and 5.00% to 5.88% in 2024. Interest income from cash in banks and cash equivalents amounted to P4,913,349 and P4,443,915 in 2025 and 2024, respectively.

In compliance with SRC Rule 49.2-1, *Physical Possession or Control of Securities*, covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers (included under Cash in banks) amounting to P81,671,293 and P70,807,783 as of December 31, 2025 and 2024, respectively. The Company's reserve requirement is determined monthly based on the SEC's prescribed computations. As of December 31, 2025 and 2024, the Company's reserve accounts are adequate to cover its reserve requirements.

As of December 31, 2025 and 2024, cash and cash equivalents include the amounts of P75,639,585 and P40,655,541, respectively, representing proceeds from the sale of investments of the customers (corresponding non-interest-bearing liability is presented under 'Payable to customers' in the statements of financial condition). Instead of being settled on their due dates, the customers opted to retain such amounts in the Company's possession to fund their subsequent trading transactions. (Note 12)

8. Financial Assets at FVPL

This account pertains to investments in listed equity shares held for trading amounting to nil as of December 31, 2025 and 2024.

Realized trading loss amounted to nil in 2025 and P720 in 2024 lodged under the account Other loss, net.

9. Other Receivables

This account consists of:

	Note	2025	2024
Receivables from clearing house		3,662,914	-
Advances to officers and employees		506,000	606,000
Other receivables		283,429	283,429
Interest receivable	7,14	267,393	318,301
Total		4,719,736	1,207,731

10. Prepayments and Other Assets

This account consists of:

	2025	2024
Current		
Creditable withholding tax	487,836	474,836
Prepaid rent	94,500	-
Input tax	812,391	766,498
	1,394,727	1,241,333
Non-current		
Project in progress	6,622,000	6,622,000
Security deposits	283,500	270,000
CTGF refundable deposit	257,620	231,420
	7,163,120	7,123,420
Allowance for impairment losses	(6,622,000)	(6,622,000)
	541,120	501,420

Project in progress amounting to P6,622,000 pertains to the Company's in-house computer system which was placed on hold pending further decision from the management and has not been put in operation. This account is fully provided with allowance for impairment losses.

CTGF refundable deposits pertain to contributions to the Clearing and Trade Guaranty Fund (CTGF) given to the SCCP, computed based on the average brokerage transactions of the Company. On March 13, 2018, the PSE approved SCCP proposed amendments to SCCP Rule 5.2 and Operating Procedure 4.3.1.3, making the Clearing Members' contribution to the CTGF refundable to Clearing Members upon cessation of their business and/or termination of their membership with SCCP, under certain conditions. The revised rule took effect on August 1, 2018.

11. Exchange Trading Right

Under the PSE rules, all exchange trading rights are pledged at its full value to the PSE to secure the payment of all debts to other members of the PSE arising out of or in connection with the present or future members' contracts.

As at December 31, 2025 and 2024, the fair value less costs to sell of the exchange trading right amounted to P7,700,000, representing the transacted price of the exchange trading right of the most recent sale approved by the PSE on September 17, 2025. As at December 31, 2025 and 2024, the carrying value of the exchange trading right amounted to P7,700,000 and P8,000,000, respectively.

The breakdown of this account is as follows:

	2025	2024
Cost	8,500,000	8,500,000
Less: Allowance for impairment loss	(800,000)	(500,000)
Carrying amount	7,700,000	8,000,000

12. Payable to Customers

This account consists of payable to customers which are due within one year as follows:

	2025		2024	
	Money	Security	Money	Security
	Balance	Valuation Long	Balance	Valuation Long
With money balance	75,639,585	1,206,782,462	40,267,221	622,676,932
Without money balance	-	49,688,088	-	369,914
	75,639,585	1,256,470,550	40,267,221	623,046,846
Payable to clearing house	346,378	-	388,320	-
	75,985,963	1,256,470,550	40,655,541	623,046,846

As discussed in Note 7, payable to customers include proceeds from sale of investments where customers opted to retain such amounts in the Company's possession to fund their subsequent trading transactions.

Payable from/to Clearing House

Payable from/to clearing house pertains to the Company's receivable from or liability to Securities Clearing Corporation of the Philippines (SCCP). "Payable from clearing house" arises when total selling transactions, i.e. shares of stock sold by customers exceeds total buying transactions within the last two trading days of the year. "Payable to clearing house" represents the excess of total buying transactions or shares of stock bought by customers over total selling transactions within the last two trading days.

13. Other Current Liabilities

This account consists of:

	2025	2024
Accounts payable	694,564	-
SCCP fees payable	44,905	20,281
Due to BIR	14,402	(12,884)
PSE transfer fees payable	5,072	1,000
Statutory payables	792	79,076
Other payable	214	10
PDTC EQ trade fees payable	150	
Commission payable	-	686,208
Total	760,100	773,691

14. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members; and
- the ultimate parent company and its subsidiaries, joint ventures and associates and their respective subsidiaries.

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence.

Related party transactions of the Company by category of related party are presented below:

2025			
Category	Amount Volume	Outstanding Balance	Nature, Terms and Conditions
Parent Company			
Due to related party	(3,284,253)	901,268	Advances (net), on demand; non-interest bearing; unsecured;
Affiliates			
Short term placements	30,348,725	129,290,721	Short-term placements including interest receivable with term ranging from 31 days to 91 days Interest income earned from short- term placements ranging from
Interest income	267,393	-	3.94% to 5.13%
Commission income	-	-	Incured in dealing in equity securities

2024			
Category	Amount Volume	Outstanding Balance	Nature, Terms and Conditions
Parent Company			
Due to related party	1,244,273	4,185,520	Advances (net), on demand; non-interest bearing; unsecured;
Affiliates			
Short term placements	18,534,143	98,941,996	Short-term placements including interest receivable with term ranging from 31 days to 91 days Interest income earned from short- term placements ranging from
Interest income	318,301	-	5.00% to 5.88%
Commission income	-	-	Incured in dealing in equity securities

15. Equity

Share Capital

The details of the Company's share capital are shown below, thus:

	2025	2024
Authorized - Par value, P100 per share:		
1,000,000 shares	<u>P100,000,000</u>	
Issued and outstanding, December 31 -		
1,000,000 shares	100,000,000	100,000,000
	100,000,000	100,000,000

The issued and outstanding share capital of the Company is held by eight (8) shareholders and one (1) shareholder owns more than one hundred (100) shares.

Retained Earnings

Appropriation

In compliance with SRC Rule 49.1 (B) Reserve Fund, the Company is required annually to appropriate a certain minimum percentage of its audited profit after tax and transfer the same to the appropriated retained earnings account. Appropriation shall be 30%, 20%, 10% of profit after tax for broker dealers with unimpaired paid-up capital between P10,000,000 to 30,000,000, between P30,000,000 to 50,000,000 and above P50,000,000, respectively.

The amount appropriated shall not be available for payment of dividends. Where in any financial year, the Company's paid-up capital is impaired, the Company is required to transfer from 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 dividend.

The Company reported net income amounting to P1,021,866 in 2025 and P98,204 in 2024. Thus, the Company appropriated P102,187 in 2025 and P9,820 in 2024. The unappropriated retained earnings amounted to (P1,390,826) in 2025 and (P1,783,606) in 2024.

Moreover, the entire balance of appropriated retained earnings pertains solely to compliance with the said regulatory requirement.

16. Revenue

The Company's revenue consisting of commission income amounted P3,301,788 in 2025 and P3,115,802 in 2024.

17. Cost of Services

Cost of services is composed of:

	Note	2025	2024
Stock exchange dues and fees		1,557,400	1,267,707
Membership fees		104,397	78,564
Central depository fees expense		80,878	60,198
Total		1,742,674	1,406,470

18. Income Taxes

Provision for income tax consists of:

	2025	2024
Current	-	-
Deferred	(1,297,425)	(1,442,589)
Total	(1,297,425)	(1,442,589)

A reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2025	2024
Statutory income tax rate	(68,890)	(336,096)
Tax effects of:		
Changes in unrecognized deferred tax assets	-	-
Income subjected to final tax	(1,228,337)	(1,110,979)
Nondeductible expense		5,098
Income exempt from tax	(198)	(612)
Effective income tax rate	(1,297,425)	(1,442,589)

The Company recognized deferred tax assets as at December 31, 2025 broken down as follows:

	2025	2024
NOLCO	3,361,895	2,591,370
MCIT	68,510	36,748
	3,430,405	2,628,117

Income taxes include the corporate income tax, as discussed below, and final tax paid at the rate of 20% which is a final withholding tax on gross interest income from cash in banks and other deposit substitutes. These income taxes are presented as ‘Provision for income tax’ in the statements of comprehensive income.

The RCIT rate is 25%. Interest expense is allowed as a deductible expense on its total amount. An MCIT of 1.5% on modified gross income is computed and compared with the RCIT. Any excess of MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, NOLCO is allowed as a deduction from taxable income in the next three years from the period of incurrence.

Current tax regulations also provide for the ceiling on the amount of EAR expenses that can be claimed as a deduction against taxable income. Under the regulations, EAR expenses allowed as deductible expense are limited to the actual EAR paid or incurred but not to exceed 1% of net revenue for sellers of services. EAR expenses amounted to nil and P9,474 in 2025 and 2024, respectively.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 (bbbb) of “Bayanihan to Recover as One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2025 and 2024, the Company has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, and NOLCO for taxable years 2020 and 2021 valid for the next five (5) consecutive taxable years, as follows:

Year Incurred	Validity	Amount	Applied Previous year	Applied Current year	Expired	Net Operating Loss (Unapplied)	Deferred Tax Asset
2020	2025	697,776	-	-	697,776	-	-
2021	2026	2,659,269	-	-	-	2,659,269	664,817
2022	2025	1,270,266	-	-	1,270,266	-	-
2023	2026	4,595,122	-	-	-	4,595,122	1,148,781
2024	2027	5,770,355	-	-	-	5,770,355	1,442,589
2025	2028	5,189,700	-	-	-	5,189,700	1,297,425
		19,484,712	-	-	1,968,042	18,214,446	4,553,612

The Company did not recognize deferred tax assets on the following temporary differences:

	2025	2024
NOLCO	1,191,717	1,191,717
Excess of MCIT over RCIT	-	-
	1,191,717	1,191,717

Validity of MCIT as follows:

Year Incurred	Validity	Amount	Applied	Unapplied
2023	2026	2,561		2,561
2024	2027	34,187		34,187
2025	2028	31,762		31,762
		68,510		68,510

19. Earnings / (Loss) Per Share

The computation of loss per share follows:

	2025	2024
Net income/(loss)	1,021,866	98,204
Weighted average number of shares issued and outstanding	1,000,000	1,000,000
Total	1.02	0.10

20. Approval for the Release of Financial Statements

The accompanying comparative financial statements were approved and authorized for issue by the BOD on April 8, 2026.

21. Supplementary Information Under Revenue Regulations (RR) 15-2010

Supplementary Information Under RR 15-2010

In compliance with RR 15-2010, the Company also reported and/or paid the following types of taxes for the year:

Taxes and Licenses

These include all other taxes, local and national, including licenses and permits. Taxes and licenses in 2025 and 2024 consist of the following:

	2025	2024
Business clearances	88,999	34,875
Community tax	600	500
	89,599	35,375

Withholding Taxes

Details of withholding taxes in 2025 follow:

	Total Remittances	Balance
Withholding taxes on compensation and benefits	372,708	58,804
Expanded withholding taxes	31,153	9,463
	403,861	68,268

Value-added Tax (VAT)

The NIRC of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's services are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT. R.A. No. 9337 increased the VAT rate from 10.00% to 12.00%, effective February 1, 2006.

Details of the Company's net receipts, output VAT and input VAT accounts are as follows:

Net receipts and output VAT declared in the Company's VAT returns filed for 2025:

	Net Receipts	Output Vat
Taxable Receipts	3,301,788	396,215

Input VAT

Details of the Company's input VAT in 2025 follow:

Balance at January 1	697,775
Current year's domestic purchases	437,308
Less: Output Vat	396,215
Balance at December 31	738,868

Tax Assessments and Cases

As of December 31, 2025, the Company has no deficiency tax assessments and has no tax cases, litigation and/or prosecution with the Bureau of Internal Revenue (BIR), in courts or bodies outside the BIR.

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LUNA SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS (Amounts in Philippine Peso, unless otherwise stated.)

1. Corporate Information

Luna Securities, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 21, 2007 primarily to engage in the business of a stock brokerage. The Company, until October 2021 is a wholly-owned subsidiary of Vicsal Investment, Inc. (VII or the Parent Company), a corporation duly organized in the Philippines. VII is a wholly-owned subsidiary of Vicsal Development Corporation (the Ultimate Parent Company), a corporation duly organized in the Philippines.

On October 19, 2021, a Deed of Conveyance of Shares of Stock was executed between VII and Millenium Advisors and Management Corporation (MAMC), assigning, transferring and conveying one million (1,000,000) common shares of the Company from VII to MAMC, taking 100% ownership.

The Company changed its name to Luna Securities, Inc. from VSec.Com Inc. approved by the Securities and Exchange Commission (SEC) on December 24, 2021.

The Company's registered business address is at Unit 601 Emerald Mansion F. Ortigas Jr. Road Ortigas Center San Antonio, Pasig City. Its former address was at Unit 1908 PSE Tower, 5th Avenue Corner 5th St., BGC, Taguig City

2. Material Accounting Policies

Statement of Compliance

The accompanying financial statements were prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), Interpretation of the Philippine Interpretations Committee (PIC), Standing Interpretation Committee (SIC), and International Financial Reporting Standards Interpretations Committee (IFRSIC) which have been adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) and approved by the Board of Accountancy (BOA) and the SEC.

Basis of Preparation of Financial Statements

The accompanying financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss which are measured at fair value. The preparation of the financial statements in accordance with PFRS requires the use of critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the financial statements are discussed in Note 3.

Functional and Presentation Currency

These financial statements are presented in Philippine Peso, the Company's functional currency and all values are rounded to the nearest Peso, except when otherwise indicated.

Current Versus Non-current Classification

The Company presents assets and liabilities in the statement of financial position on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed within a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled within a normal operating cycle;
- It is held primarily for trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Adoption of New and Revised IFRS Accounting Standards

Effective in 2025, the Company adopted the following new and revised PFRS Accounting Standards and Interpretations that are mandatory for the annual reporting period beginning on or after 1 January 2025.

- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*
The Company has adopted the amendments to IAS 21 Lack of Exchangeability for the first time for the annual reporting period commencing 1 January 2025. The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would take place at a measurement date and at a spot exchange rate. The adoption of these amendments did not have a material impact on the financial position or performance of the Company as of cut-off date. The amendments were applied prospectively from 1 January 2025. No adjustments to opening retained earnings were required.
- *Amendments to IAS 1 and IFRS 7 – Supplier Finance Arrangements*
Effective 1 January 2025, the Company adopted amendments to IAS 7 and IFRS 7 concerning supplier finance arrangements. These amendments require entities to provide both qualitative and quantitative disclosures about these arrangements. Disclosures have been updated to reflect the impact of these arrangements on liabilities and cash flows.
- *Other Amendments*
Amendments to the SASB standards to enhance international applicability were also adopted effective 1 January 2025 but did not significantly impact the financial statements.

New Accounting Standards Issued But Not Yet Effective

In accordance with IAS 8:30, entities must disclose information about new standards that have been issued but are not yet effective.

- *IFRS 18 Presentation and Disclosures in Financial Statements*
Issued in April 2024, IFRS 18 is effective for annual periods beginning on or after 1 January 2027, with early application permitted. It replaces IAS 1 and introduces new categories for

income and expenses (operating, investing, financing) and mandates disclosure of management-defined performance measures. The Company is evaluating the potential impact of IFRS 18 on its financial statement presentation and required disclosures.

- *IFRS 19 Subsidiaries without Public Accountability: Disclosures*
IFRS 19, issued in May 2024 and effective for periods starting on or after 1 January 2027, allows eligible subsidiaries to use reduced disclosure requirements. The Company is assessing whether it qualifies for IFRS 19, which could lead to fewer disclosures in the financial statement notes.
- *Amendments to IAS 21 – Translation to a Hyperinflationary Currency (Effective 1 January 2027)*
The amendments relate to the translation of financial statements from a functional currency not subject to hyperinflation into a reporting currency that is.
- *Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments (Effective 1 January 2026)*
These amendments clarify the "solely payments of principal and interest" (SPPI) criterion for financial assets, particularly those with non-recourse features or ESG-linked features.

The Company is in the process of evaluating the impact of these standards and amendments but does not expect them to have a material effect on the financial statements upon adoption.

Material Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Short-term investment that have a term of more than three (3) months are not considered cash equivalents.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy,

described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the statement of financial condition on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments - Initial Recognition

Date of Recognition

Financial instruments are any contracts that give 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 financial liability in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the trade date.

Classification of Financial Instruments

All financial instruments are initially recognized at fair value of the consideration given (in case of an asset) or received (in case of liability). Except for financial instruments at FVPL, the initial measurement of financial instruments includes transaction costs. Financial assets are measured at FVPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Company may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (SPPI test).

Business Model Test

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel

- The risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) Test

As a second step of its classification process, the Company assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Financial Assets at Amortized Cost

Debt financial assets are measured at amortized cost if both of the following conditions are met:

- The asset is held within the Company's business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using effective interest method less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of comprehensive income. Gains and losses are recognized in statement of comprehensive income when these investments are derecognized or impaired, as well as through the amortization process.

As of December 31, 2025 and 2024, the Company's financial assets measured at amortized cost include 'Cash and cash equivalents (except cash on hand)' and 'Other receivables', and CTGF refundable deposits under 'Other assets' (see Note 10).

Financial Liabilities

Other financial liabilities are financial liabilities not classified or designated at FVPL and contains contractual obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

This accounting policy applies primarily to the Company's 'Payable to customers' and 'Other liabilities'.

Derecognition of Financial Assets and Liabilities

Financial Asset

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

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

Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Write-offs

Financial assets are written off either partially or in their entirety when the Company no longer expects collections or recoveries within a foreseeable future. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to provision for credit losses.

Impairment of Financial Assets

The Company recognizes an ECL 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).

Assessment of Significant Increase in Credit Risk/Staging Assessment

For non-credit-impaired financial assets:

- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Company recognizes a 12-month ECL for Stage 1 debt financial assets.

- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Company recognizes a lifetime ECL for Stage 2 debt financial assets.

For credit-impaired financial assets:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows from the financial instruments. The ECL model requires that lifetime ECL be recognized for these impaired financial instruments. The ECL model requires that lifetime ECL be recognized for these impaired financial assets.

Refer to Note 4 for the Company's ECL methodology.

SCCP Contribution

The Company makes contributions to the Securities Clearing Corporation of the Philippines (SCCP) in the normal course of business. The initial contribution of the Company to the clearing fund of the SCCP is recognized as an asset as the Company expects to derive future economic benefits from such contribution, being a necessary outlay of a stock brokerage firm to enable it to conduct its business. Monthly contributions to SCCP are recorded as an asset of the broker which will be refunded upon cessation of business and or upon termination of the broker's membership with the SCCP.

Exchange Trading Right

Exchange trading right was acquired, together with Philippine Stock Exchange (PSE) shares, in exchange for the PSE membership seat under the conversion program of PSE. The exchange trading right is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the PSE shares), less allowance for impairment loss.

The exchange trading right is deemed to have an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Company. It is tested annually for any impairment in value. Any impairment loss is charged directly to profit or loss.

Intangible Asset

Costs that are directly associated with identifiable and unique software controlled by the Company and that generate economic benefits exceeding costs beyond one year, are recognized as 'Intangible asset'. Capitalized computer software cost is amortized on a straight-line basis over two (2) to five (5) years.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that property and equipment may be impaired. Exchange trading right is tested for impairment annually, irrespective of whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for a nonfinancial asset is required, the Company makes an estimate of the nonfinancial asset's recoverable amount. A nonfinancial asset's recoverable amount is the higher of a nonfinancial asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the nonfinancial asset does not generate cash inflows that are largely independent of those from other nonfinancial assets or groups of nonfinancial assets. When the carrying amount of a nonfinancial asset exceeds its recoverable amount, the nonfinancial asset 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 nonfinancial asset.

An impairment loss is charged in profit or loss in the year in which it arises.

Impairment assessment is made at each reporting 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, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in profit or loss. For property and equipment, after such a reversal, the depreciation 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.

Related Party Transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence over the party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

Capital Stock

Capital stock is composed of common and preferred shares which are measured at par value for all shares issued and outstanding.

Retained Earnings

Retained earnings represent accumulated earnings and losses of the Company less dividends declared. Appropriated retained earnings represent accumulated appropriation of a certain minimum percentage of the Company's net income as required for every broker-dealer.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company has concluded that it is the principal in all of its revenue arrangements except for its brokerage transactions. The following specific recognition criteria must also be met before revenue is recognized:

Commissions

Commissions are recognized as income upon confirmation of trade deals. These are computed for every trade transaction based on a flat rate or a percentage of the amount of trading transaction, whichever is higher.

Interest income

Interest income is recognized in profit or loss as it accrues, taking into account the effective yield of the asset.

Dividends

Dividend income is recognized when the Company's right to receive payment is established.

Trading gains (losses)

Trading gains (losses) comprise changes in fair value of financial assets at FVPL for the reporting period.

Expense Recognition

Expenses encompass costs of administering the business and losses arising in the course of the ordinary activities of the Company. Expenses are recognized when incurred.

Leases

Policy Applicable upon adoption of PFRS 16

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 in time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses definition of a lease in PFRS 16. This policy is applied to contracts entered into on or after January 1, 2019.

Short-term Leases and Leases of Low-Value Assets

The Company has elected not to recognize right-of-use assets and liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expressed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits

The Company accrues retirement benefits in compliance with Republic Act (R.A.) No. 7641 “Philippine Retirement Law” which requires an entity to pay retirement benefits to employees who retire after reaching the mandatory retirement age of 65 years old or the optional retirement age of 60 years old with at least five (5) years of service of the Company.

Earnings/ (Loss) Per Share

Earnings/ (Loss) per share is computed by dividing net profit/ (loss) by the weighted average number of shares issued and outstanding at the end of the year.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and the tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Deferred tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting 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, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are applicable 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 at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income (OCI) or directly to equity.

Events After the Reporting Date

Post-year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post-year-end events that are non-adjusting events are disclosed in the notes to the financial statements when material.

3. Material Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRSs requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and contingent assets and liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any change in estimates is reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

The Company does not have significant accounting judgments which have significant effect on the amounts recognized in the financial statements.

Estimates

Trading Rights

As at December 31, 2025, the fair value less costs to sell of the exchange trading right amounted to P7,700,000 in 2025, representing the transacted price of the exchange trading right of the most recent sale approved by the PSE on September 17, 2025. As at December 31, 2025 and 2024, the carrying value of the exchange trading right amounted to P7,700,000 and 8,000,000, respectively.

Retirement Benefits

The Company has less than 10 employees and does not have a formal retirement benefits plan. However, the determination of the Company's obligation on retirement benefits is based on the required amounts under R.A. No. 7641. Management believes that the effect on the financial statements of the difference between the current method used by the Company and the required actuarially determined valuation method is not significant.

As of December 31, 2025, the Company has no qualified employee under R.A No. 7641.

Recognition of Deferred Tax Assets

Deferred tax assets are recognized for deductible temporary differences, NOLCO and excess of MCIT over RCIT. The Company reviews the carrying amount of any recognized deferred tax assets at each reporting date and reduces it to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

The Company was in a tax loss position in 2023. Based on the Company's forecast, management assessed that it is not probable that sufficient future taxable income may be available to utilize the 2022 and prior years deferred tax assets on NOLCO and MCIT prior to expiration. Accordingly, the Company did not recognize deferred tax assets related to NOLCO and MCIT for 2022 and prior years. Refer to Note 18 for the details of these unrecognized deferred tax assets. For 2025 and 2024, however, the Company estimates that profits will flow within the next operating years. Thus, NOLCO was recognized for the years 2025 and 2024.

4. Financial Risk Management Objectives and Policies

The Company's financial assets, such as receivables, financial assets at FVPL and short-term deposits and placements, directly arise from its operations. Its principal financial liabilities comprise of payable to customers and non-customers, due to related parties and other current liabilities.

The Board of Directors (BOD) directs the Company's overall risk management strategy and performs an oversight function on the Company's implementation of its risk policies.

Risks are being measured through a Risk-Based Capital Adequacy (RBCA) ratio as mandated by the SEC. The RBCA ratio refers to the minimum level of capital that has to be maintained by the Company taking into consideration the size, complexity and business risk. Such risks that are considered in determining the capital requirement include, among others, operational, position and credit risks.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. Market risk pertains to equity price risk. The Company's policies for managing the aforementioned risks are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The nature of the business exposes the Company to a potential risk of loss due to a counterparty defaulting on a contract. To a stockbroker, credit risk, such as counterparty risk, settlement risk, large exposure risk and margin financing risk, normally arises from unsettled customer purchases, undelivered securities, unsettled loans and advances, margin lending, default by bond issuer and undelivered services, among others. The Company mitigates its credit risk by transacting with recognized and creditworthy customers on cash basis purchases only.

The Company further limits its trading credit risk by its custody of the defaulting parties' shares of stock as collateral to the latter's purchases. In accordance with Risk-Based Capital Adequacy (RBCA)'s requirement, limit is imposed to avoid large exposure on single client/counterparty, single debt issue and single equity relative to a particular issuer company and its group of companies.

Maximum exposure to credit risk before collateral held or other credit enhancements

As of December 31, 2025 and 2024, the maximum exposure to credit risk is the carrying value at reporting date of each class of financial assets of the Company.

The Company does not have financial guarantees and loan commitments and other credit-related liabilities.

Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Company's financial strength and undermine public confidence.

The Company's policies and procedures include specific guidelines which focus on maintaining a diversified portfolio. In order to avoid excessive concentrations of risk, identified concentrations of credit risks are controlled and managed accordingly.

As of December 31, 2025 and 2024, the Company's financial assets are placed with financial institutions.

Credit quality per class of debt financial assets

The credit quality of the financial assets of the Company was determined as follows:

a. Cash and cash equivalents

Cash and cash equivalents are considered high grade if invested or deposited in local banks belonging to the top banks in terms of resources and profitability.

b. Receivables

- High grade - These are receivables which have a high probability of collection (i.e., the counterparty has the apparent ability to satisfy its obligation and the securities on the receivables are readily enforceable).
- Medium grade - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a long period of time.
- Low grade- These are receivables from counterparties with history of default and with partially or unsecured accounts but are not past due as of the reporting date.

As of December 31, 2025 and 2024, the Company's cash and cash equivalents (excluding cash on hand), receivables and CTGF refundable deposits are all assessed to be High grade.

Impairment assessment

The Company measures a credit loss allowance on a financial asset based on whether it has had a significant increase in credit risk since initial recognition. Accordingly, the Company categorizes its financial assets into three categories:

- stage 1 - financial asset that has not had a significant increase in credit risk;
- stage 2 - financial asset that has had a significant increase in credit risk; and
- stage 3 - financial asset in default.

The Company applies the low credit risk simplification provided under PFRS 9 in the staging assessment of its cash and cash equivalents (excluding cash on hand), receivables and CTGF refundable deposits. Under this operational simplification the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition (i.e. under 'Stage 1') if the financial instrument is determined to have a low credit risk at the reporting date. In this case, an external rating of 'investment grade' is considered as having in low credit risk. Otherwise, those financial instruments that are non-investment grade' are under 'Stage 2'.

The Company calculates ECL either on an individual or a collective basis. The Company performs collective impairment by grouping exposures into smaller homogeneous portfolios based on a combination of borrower and account characteristics. Accounts with similar risk attributes (i.e. facility, security, credit rating, months-on-books, utilization and collateral type, etc.) are pooled together for calculation provisions based on the ECL models.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows

- PD – The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
- EAD – The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments
- LGD – The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD

- *Economic Overlays*

The Company incorporates economic overlays into the measurement of ECL to add a forward-looking risk measure parallel to the expected future macroeconomic atmosphere. A broad range of economic indicators were considered for the economic inputs. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To address this, quantitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

As of December 31, 2025 and 2024, the Company's cash and cash equivalents (excluding cash on hand), receivables and CTGF refundable deposits are all assessed and classified as Stage 1. Management determined that ECL is negligible for its debt financial assets, and thus, no provision is recognized based on the following:

Credit risk of cash and cash equivalents is assessed to be minimal since these are placed and recoverable from banks with high external credit ratings.

Other receivables consist of interest receivable arising from short-term placements, due from related party (Parent Company) which is repayable on demand and advances to employees which are automatically deducted from the employees' salaries.

CTGF refundable deposits which are refundable upon cessation of the Company's business and/or termination of membership with SCCP are considered to be highly probable of collection.

Liquidity Risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Company's inability to meet its obligations when they become due without incurring unacceptable losses or costs. The Company's liquidity risk is managed by holding sufficient liquid assets to ensure short-term funding requirements are met. Deposits with banks are made on a short-term basis with almost all being available on demand or within three months. Liquidity is monitored by the Company on a regular basis.

Analysis of financial assets and liability by remaining contractual maturities.

The tables below show the maturity profile of the financial instruments of the Company, based on its internal methodology that manages liquidity based on contractual undiscounted cash flows (except for the financial assets at FVPL which were based on expected disposal date) as of December 31.

	Notes	On demand	1 to 3 months	4 to 12 months	Over 1 year	Total
2025						
Financial Assets						
Loans and receivables:						
Cash and cash equivalents	7	31,938,332	129,290,721			161,229,053
Receivables	9	3,662,914				3,662,914
Other Receivables	9	1,056,822	-			1,056,822
		36,658,068	129,290,721	-	-	165,948,789
Financial Liabilities						
Other financial liabilities:						
Payable to customers	12	75,985,963				75,985,963
Due to related party	14	901,268				901,268
Other current liabilities	13	760,100				760,100
Total		77,647,331	-	-	-	77,647,331

	Notes	On demand	1 to 3 months	4 to 12 months	Over 1 year	Total
2024						
Financial Assets						
Loans and receivables:						
Cash and cash equivalents	7	33,966,899	98,941,996			132,908,895
Other Receivables	9	1,207,731	-			1,207,731
		35,174,629	98,941,996			134,116,626
Financial Liabilities						
Other financial liabilities:						
Payable to customers	12	40,655,541				40,655,541
Due to related party	14	4,185,520				4,185,520
Other current liabilities	13	773,691				773,691
Total		45,614,753	-	-	-	45,614,753

Market Risk

Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price caused by changes in interest rates, equity prices and other market factors. The central focus of risk measurement on this type of risk is the Company's financial assets at FVPL.

Equity price risk

The Company's equity price risk emanates from its securities in proprietary accounts which are financial instruments classified as financial assets at FVPL. The Company measures the sensitivity of its investment securities by using Philippine Stock Exchange (PSE) index (PSEi) fluctuations.

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the trading losses for one year, based on the beta rate of equity securities at each reporting date. The sensitivity of trading losses is calculated by revaluing the market rate using the beta rate of the equity securities at the reporting dates for the effects of the assumed changes in PSE.

Interest Rate Risks

This risk arises when there is a possible change on interest rate of +100 basis points and -100 basis points on December 31, 2025 and 2024 which will affect the future cash flows or fair value of financial instruments. These changes are considered to be reasonably possible based on observation of current market conditions. All other variables are held constant.

2025	Change in +10 basis points		Change in -10 basis points	
	Effect on net results	Effect on Equity	Effect on net results	Effect on Equity
Cash and cash equivalents	161,229	128,983	(161,229)	(128,983)

2024	Change in +10 basis points		Change in -10 basis points	
	Effect on net results	Effect on Equity	Effect on net results	Effect on Equity
Cash and cash equivalents	132,909	106,327	(132,909)	(106,327)

5. Categories and Fair Value of Financial Assets and Liabilities

Comparison of Carrying Values and Fair Values

The carrying amounts and fair values and the categories of financial assets and liabilities presented in the statements of financial position are shown below:

Financial assets

Loans and receivables:					
Cash and cash equivalents	7	161,229,053	161,229,053	132,908,895	132,908,895
Receivables	9	3,662,914	3,662,914		
Other receivables	9	1,056,822	1,056,822	1,207,731	1,207,731
Prepayments and other current assets	10	1,394,727	1,394,727	1,241,333	1,241,333
		167,343,516	167,343,516	135,357,959	135,357,959

Other financial liabilities					
Payable to customers	12	75,985,963	75,985,963	40,655,541	40,655,541
Due to related party	14	901,268	901,268	4,185,520	4,185,520
Other current liabilities	13	760,100	760,100	773,691	773,691
		77,647,331	77,647,331	45,614,753	45,614,753

All financial assets and financial liabilities of the Company have carrying amounts that approximate their fair values due to their relative short-term maturities.

As of December 31, 2025 and 2024, the Company has no financial instruments with fair values classified under Level 2 and Level 3. There were no transfers between levels in 2025 and 2024.

6. **Capital Management Objectives, Policies and Procedures**

The Company's objective is to maintain and safeguard its ability to continue as a going concern entity and provide its shareholders a satisfactory return. The Company monitors its capital on the basis of the equity's carrying amount as presented on the face of its statements of financial position, thus-

The Company's strategy is to maintain a gearing ratio not exceeding 80%. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2025	2024
Net debt	(83,581,721)	(87,294,142)
Net equity	101,367,710	100,872,744
Total capital	17,785,989	13,578,602
Gearing ratio	(470%)	(643%)

The primary objectives of the Company's capital management are to ensure that it complies with externally imposed capital requirements and to maintain strong credit ratings and healthy capital ratios in order to support its business and to maximize stockholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payments to shareholders or issue capital shares. No changes were made in the objectives, policies and processes from the previous years.

Regulatory Qualifying Capital

The Amended Implementing Rules and Regulations of the SRC effective February 28, 2004, include, among others, revisions in 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 ₱5.00 million or 5.00% of aggregate indebtedness, whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities, (b) to allow the SEC to set a different net capital requirement for those authorized to use the RBCA model, and (c) to require unimpaired paid-up capital of ₱100.00 million for broker dealers, which are either first time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; ₱10.00 million plus a surety bond for existing broker dealers not engaged in market making transactions; and ₱2.50 million for broker dealers dealing only in proprietary shares and not holding securities.

RBCA ratio of a broker dealer, computed by dividing the Net Liquid Capital (NLC) by the Total Risk Capital Requirement (TRCR), should not be less than 110.00%. NLC and TRCR are computed based on the existing SRC. NLC consists of total equity adjusted for allowance for market decline, subordinated liabilities, deferred tax assets, revaluation reserves, deposits for future stock subscription, minority interest, if any, contingencies and guarantees, and the total ineligible assets.

Also, the AI of every stockbroker should not exceed 2,000.00% of its NLC and at all times shall have and maintain NLC of at least ₱5.00 million or 5.00% of the AI, whichever is higher.

Further, SEC Memorandum Circular No. 16 dated November 11, 2004 provides the guidelines on the adoption in the Philippines of the RBCA Framework for all registered broker-dealers in accordance with the 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) risk.

On May 28, 2009, the SEC approved the PSE's Rules Governing Trading Rights and Trading Participants, which supersede the Membership Rules of the PSE. Section 8 (c) of Article 3 of the said rule requires trading participants to have a minimum unimpaired capital, as defined by the SEC, of ₱20.00 million effective December 31, 2009, and ₱30.00 million effective December 31, 2010 and onwards. This applies only to trading participants who opted to defer compliance with the ₱100.00 million unimpaired capital requirements.

On January 16, 2014, the Capital Markets Integrity Corporation (CMIC), the independent audit surveillance and compliance unit of PSE, issued a memorandum circular informing trading participants to maintain status quo for purposes of computing RBCA ratio despite the change in the financial statement presentation or receivables and payables for trading operations as required by the related accounting standards.

As of December 31, 2025 and 2024, the Company is in compliance with the RBCA ratio. The RBCA ratios of the Company as reported to the SEC as of December 31, 2025 and 2024 are shown in the table below.

	2025	2024
Equity eligible for net liquid capital	97,937,305	98,244,627
Less: Ineligible assets	14,424,851	11,033,425
Total	83,512,454	87,211,202
Operational risks	955,952	533,726
Position risks	4,709	-
Counterparty risk	-	-
Total Risk Capital Requirement	960,661	533,726
AI	77,647,331	45,614,753
5% of AI	3,882,367	2,280,738
Required NLC	5,000,000	5,000,000
Net Risk-Based Capital Excess	78,512,454	82,211,202
Ratio of AI to NLC	93%	52%
RBCA Ratio	8693%	16340%

When aggregate indebtedness exceeds 1,700.00% of NLC and when RBCA ratio is less than 120.00%, which are critical levels, the Company must notify the SEC in writing of such occurrence within twenty-four (24) hours. The SEC may, after the receipt of the notice, direct the Company in the conduct of its operations and/or impose conditions, if necessary. The Company is given ten (10) days to effect its proposal and pending actual implementation and must notify the SEC of its daily NLC position.

Meanwhile, if operational risk becomes greater than core equity, the Company is allowed to continue operations provided a capital build up plan is submitted and realized within ninety (90) calendar days from the time of breach.

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

Equity eligible for NLC

This pertains to equity as per books adjusted for all other liabilities which in substance can be treated as sources of capital, less ineligible equity items.

Ineligible assets

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

Operational risk requirement

This amount is required to cover a level of operational risk. Operational risk is the exposure associated with 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.

Position risk requirement

This amount is necessary to accommodate a given level of position risk. Position risk is a risk to which a broker dealer is exposed to and arising from securities held by it as a principal or in its proprietary or dealer account.

Large Exposure Risk (LER) requirements

This amount is necessary to accommodate a given level of the broker dealer's LER which is in excess of the LER limit. LER limit is the maximum permissible large exposure and calculated as a percentage of core equity.

Aggregate indebtedness

This is the total money liabilities of a broker dealer 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' account having short positions in securities, but subject to certain exclusions.

7. Cash and Cash Equivalents

This account consists of:

	Note	2025	2024
Cash in bank		31,938,332	33,966,899
Short-term placements	14	129,290,721	98,941,996
		161,229,053	132,908,895

Cash in banks earn interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest ranging from 3.94% to 5.13% in 2025 and 5.00% to 5.88% in 2024. Interest income from cash in banks and cash equivalents amounted to P4,913,349 and P4,443,915 in 2025 and 2024, respectively.

In compliance with SRC Rule 49.2-1, *Physical Possession or Control of Securities*, covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers (included under Cash in banks) amounting to P81,671,293 and P70,807,783 as of December 31, 2025 and 2024, respectively. The Company's reserve requirement is determined monthly based on the SEC's prescribed computations. As of December 31, 2025 and 2024, the Company's reserve accounts are adequate to cover its reserve requirements.

As of December 31, 2025 and 2024, cash and cash equivalents include the amounts of P75,639,585 and P40,655,541, respectively, representing proceeds from the sale of investments of the customers (corresponding non-interest-bearing liability is presented under 'Payable to customers' in the statements of financial condition). Instead of being settled on their due dates, the customers opted to retain such amounts in the Company's possession to fund their subsequent trading transactions. (Note 12)

8. Financial Assets at FVPL

This account pertains to investments in listed equity shares held for trading amounting to nil as of December 31, 2025 and 2024.

Realized trading loss amounted to nil in 2025 and P720 in 2024 lodged under the account Other loss, net.

9. Other Receivables

This account consists of:

	Note	2025	2024
Receivables from clearing house		3,662,914	-
Advances to officers and employees		506,000	606,000
Other receivables		283,429	283,429
Interest receivable	7,14	267,393	318,301
Total		4,719,736	1,207,731

10. Prepayments and Other Assets

This account consists of:

	2025	2024
Current		
Creditable withholding tax	487,836	474,836
Prepaid rent	94,500	-
Input tax	812,391	766,498
	1,394,727	1,241,333
Non-current		
Project in progress	6,622,000	6,622,000
Security deposits	283,500	270,000
CTGF refundable deposit	257,620	231,420
	7,163,120	7,123,420
Allowance for impairment losses	(6,622,000)	(6,622,000)
	541,120	501,420

Project in progress amounting to P6,622,000 pertains to the Company's in-house computer system which was placed on hold pending further decision from the management and has not been put in operation. This account is fully provided with allowance for impairment losses.

CTGF refundable deposits pertain to contributions to the Clearing and Trade Guaranty Fund (CTGF) given to the SCCP, computed based on the average brokerage transactions of the Company. On March 13, 2018, the PSE approved SCCP proposed amendments to SCCP Rule 5.2 and Operating Procedure 4.3.1.3, making the Clearing Members' contribution to the CTGF refundable to Clearing Members upon cessation of their business and/or termination of their membership with SCCP, under certain conditions. The revised rule took effect on August 1, 2018.

11. Exchange Trading Right

Under the PSE rules, all exchange trading rights are pledged at its full value to the PSE to secure the payment of all debts to other members of the PSE arising out of or in connection with the present or future members' contracts.

As at December 31, 2025 and 2024, the fair value less costs to sell of the exchange trading right amounted to P7,700,000, representing the transacted price of the exchange trading right of the most recent sale approved by the PSE on September 17, 2025. As at December 31, 2025 and 2024, the carrying value of the exchange trading right amounted to P7,700,000 and P8,000,000, respectively.

The breakdown of this account is as follows:

	2025	2024
Cost	8,500,000	8,500,000
Less: Allowance for impairment loss	(800,000)	(500,000)
Carrying amount	7,700,000	8,000,000

12. Payable to Customers

This account consists of payable to customers which are due within one year as follows:

	2025		2024	
	Money	Security	Money	Security
	Balance	Valuation Long	Balance	Valuation Long
With money balance	75,639,585	1,206,782,462	40,267,221	622,676,932
Without money balance	-	49,688,088	-	369,914
	75,639,585	1,256,470,550	40,267,221	623,046,846
Payable to clearing house	346,378	-	388,320	-
	75,985,963	1,256,470,550	40,655,541	623,046,846

As discussed in Note 7, payable to customers include proceeds from sale of investments where customers opted to retain such amounts in the Company's possession to fund their subsequent trading transactions.

Payable from/to Clearing House

Payable from/to clearing house pertains to the Company's receivable from or liability to Securities Clearing Corporation of the Philippines (SCCP). "Payable from clearing house" arises when total selling transactions, i.e. shares of stock sold by customers exceeds total buying transactions within the last two trading days of the year. "Payable to clearing house" represents the excess of total buying transactions or shares of stock bought by customers over total selling transactions within the last two trading days.

13. Other Current Liabilities

This account consists of:

	2025	2024
Accounts payable	694,564	-
SCCP fees payable	44,905	20,281
Due to BIR	14,402	(12,884)
PSE transfer fees payable	5,072	1,000
Statutory payables	792	79,076
Other payable	214	10
PDTC EQ trade fees payable	150	
Commission payable	-	686,208
Total	760,100	773,691

14. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members; and
- the ultimate parent company and its subsidiaries, joint ventures and associates and their respective subsidiaries.

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence.

Related party transactions of the Company by category of related party are presented below:

2025			
Category	Amount Volume	Outstanding Balance	Nature, Terms and Conditions
Parent Company			
Due to related party	(3,284,253)	901,268	Advances (net), on demand; non-interest bearing; unsecured;
Affiliates			
Short term placements	30,348,725	129,290,721	Short-term placements including interest receivable with term ranging from 31 days to 91 days
Interest income	267,393	-	Interest income earned from short- term placements ranging from 3.94% to 5.13%
Commission income	-	-	Incured in dealing in equity securities

2024			
Category	Amount Volume	Outstanding Balance	Nature, Terms and Conditions
Parent Company			
Due to related party	1,244,273	4,185,520	Advances (net), on demand; non-interest bearing; unsecured;
Affiliates			
Short term placements	18,534,143	98,941,996	Short-term placements including interest receivable with term ranging from 31 days to 91 days
Interest income	318,301	-	Interest income earned from short- term placements ranging from 5.00% to 5.88%
Commission income	-	-	Incured in dealing in equity securities

15. Equity

Share Capital

The details of the Company's share capital are shown below, thus:

	2025	2024
Authorized - Par value, P100 per share:		
1,000,000 shares	<u>P100,000,000</u>	
Issued and outstanding, December 31 -		
1,000,000 shares	100,000,000	100,000,000
	100,000,000	100,000,000

The issued and outstanding share capital of the Company is held by eight (8) shareholders and one (1) shareholder owns more than one hundred (100) shares.

Retained Earnings

Appropriation

In compliance with SRC Rule 49.1 (B) Reserve Fund, the Company is required annually to appropriate a certain minimum percentage of its audited profit after tax and transfer the same to the appropriated retained earnings account. Appropriation shall be 30%, 20%, 10% of profit after tax for broker dealers with unimpaired paid-up capital between P10,000,000 to 30,000,000, between P30,000,000 to 50,000,000 and above P50,000,000, respectively.

The amount appropriated shall not be available for payment of dividends. Where in any financial year, the Company's paid-up capital is impaired, the Company is required to transfer from 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 dividend.

The Company reported net income amounting to P1,021,866 in 2025 and P98,204 in 2024. Thus, the Company appropriated P102,187 in 2025 and P9,820 in 2024. The unappropriated retained earnings amounted to (P1,390,826) in 2025 and (P1,783,606) in 2024.

Moreover, the entire balance of appropriated retained earnings pertains solely to compliance with the said regulatory requirement.

16. Revenue

The Company's revenue consisting of commission income amounted P3,301,788 in 2025 and P3,115,802 in 2024.

17. Cost of Services

Cost of services is composed of:

	Note	2025	2024
Stock exchange dues and fees		1,557,400	1,267,707
Membership fees		104,397	78,564
Central depository fees expense		80,878	60,198
Total		1,742,674	1,406,470

18. Income Taxes

Provision for income tax consists of:

	2025	2024
Current	-	-
Deferred	(1,297,425)	(1,442,589)
Total	(1,297,425)	(1,442,589)

A reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2025	2024
Statutory income tax rate	(68,890)	(336,096)
Tax effects of:		
Changes in unrecognized deferred tax assets	-	-
Income subjected to final tax	(1,228,337)	(1,110,979)
Nondeductible expense		5,098
Income exempt from tax	(198)	(612)
Effective income tax rate	(1,297,425)	(1,442,589)

The Company recognized deferred tax assets as at December 31, 2025 broken down as follows:

	2025	2024
NOLCO	3,361,895	2,591,370
MCIT	68,510	36,748
	3,430,405	2,628,117

Income taxes include the corporate income tax, as discussed below, and final tax paid at the rate of 20% which is a final withholding tax on gross interest income from cash in banks and other deposit substitutes. These income taxes are presented as ‘Provision for income tax’ in the statements of comprehensive income.

The RCIT rate is 25%. Interest expense is allowed as a deductible expense on its total amount. An MCIT of 1.5% on modified gross income is computed and compared with the RCIT. Any excess of MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, NOLCO is allowed as a deduction from taxable income in the next three years from the period of incurrence.

Current tax regulations also provide for the ceiling on the amount of EAR expenses that can be claimed as a deduction against taxable income. Under the regulations, EAR expenses allowed as deductible expense are limited to the actual EAR paid or incurred but not to exceed 1% of net revenue for sellers of services. EAR expenses amounted to nil and P9,474 in 2025 and 2024, respectively.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 (bbbb) of “Bayanihan to Recover as One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2025 and 2024, the Company has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, and NOLCO for taxable years 2020 and 2021 valid for the next five (5) consecutive taxable years, as follows:

Year Incurred	Validity	Amount	Applied Previous year	Applied Current year	Expired	Net Operating Loss (Unapplied)	Deferred Tax Asset
2020	2025	697,776	-	-	697,776	-	-
2021	2026	2,659,269	-	-	-	2,659,269	664,817
2022	2025	1,270,266	-	-	1,270,266	-	-
2023	2026	4,595,122	-	-	-	4,595,122	1,148,781
2024	2027	5,770,355	-	-	-	5,770,355	1,442,589
2025	2028	5,189,700	-	-	-	5,189,700	1,297,425
		19,484,712	-	-	1,968,042	18,214,446	4,553,612

The Company did not recognize deferred tax assets on the following temporary differences:

	2025	2024
NOLCO	1,191,717	1,191,717
Excess of MCIT over RCIT	-	-
	1,191,717	1,191,717

Validity of MCIT as follows:

Year Incurred	Validity	Amount	Applied	Unapplied
2023	2026	2,561		2,561
2024	2027	34,187		34,187
2025	2028	31,762		31,762
		68,510		68,510

19. Earnings / (Loss) Per Share

The computation of loss per share follows:

	2025	2024
Net income/(loss)	1,021,866	98,204
Weighted average number of shares issued and outstanding	1,000,000	1,000,000
Total	1.02	0.10

20. Approval for the Release of Financial Statements

The accompanying comparative financial statements were approved and authorized for issue by the BOD on April 8, 2026.

21. Supplementary Information Under Revenue Regulations (RR) 15-2010

Supplementary Information Under RR 15-2010

In compliance with RR 15-2010, the Company also reported and/or paid the following types of taxes for the year:

Taxes and Licenses

These include all other taxes, local and national, including licenses and permits. Taxes and licenses in 2025 and 2024 consist of the following:

	2025	2024
Business clearances	88,999	34,875
Community tax	600	500
	89,599	35,375

Withholding Taxes

Details of withholding taxes in 2025 follow:

	Total Remittances	Balance
Withholding taxes on compensation and benefits	372,708	58,804
Expanded withholding taxes	31,153	9,463
	403,861	68,268

Value-added Tax (VAT)

The NIRC of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's services are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT. R.A. No. 9337 increased the VAT rate from 10.00% to 12.00%, effective February 1, 2006.

Details of the Company's net receipts, output VAT and input VAT accounts are as follows:

Net receipts and output VAT declared in the Company's VAT returns filed for 2025:

	Net Receipts	Output Vat
Taxable Receipts	3,301,788	396,215

Input VAT

Details of the Company's input VAT in 2025 follow:

Balance at January 1	697,775
Current year's domestic purchases	437,308
Less: Output Vat	396,215
Balance at December 31	738,868

Tax Assessments and Cases

As of December 31, 2025, the Company has no deficiency tax assessments and has no tax cases, litigation and/or prosecution with the Bureau of Internal Revenue (BIR), in courts or bodies outside the BIR.

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