



# SECURITIES AND EXCHANGE COMMISSION

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## Company Information

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**SEC Registration No.:** 0000051205

**Company Name:** F. YAP SECURITIES INC.

**Industry Classification:** J66930

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST104222026811252972

**Document Type:** Annual Audited Financial Report

**Document Code:** SEC\_Form\_52-AR

**Period Covered:** December 31, 2025

**Submission Type:** Annual

**Remarks:** None

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

**ANNUAL AUDITED FINANCIAL REPORT**

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

Report for the period beginning January 1, 2025 and December 31, 2025.

<b>IDENTIFICATION OF BROKER OR DEALER</b>	
Name of Broker/Dealer: <b>F.YAP SECURITIES, INC.</b>	
Address of Principal Place of Business	
<u>18/F Lepanto Building, 8747 Paseo de Roxas Bel-Air 1209</u>	
<u>City of Makati, Fourth District NCR</u>	
Name and Phone Number of Person to Contact in Regard to this Report	
Name: <u>Pacita K. Yap</u>	Tel. No. <u>8856-76-80</u>

<b>IDENTIFICATION OF ACCOUNTANT</b>	
Name of Independent Certified Public Accountant whose opinion is contained in this report:	
Name: <u>Rose Angeli S. Bernaldo</u>	Tel. No. <u>8812-1718 to 24 loc. 102</u>
Fax No. <u>n/a</u>	
Address: <u>18/F Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Ayala North</u> <u>Makati City</u>	
Certificate Number <u>114127</u>	
PTR Number <u>10780860</u>	Date Issued <u>January 15, 2026</u>

# F. YAP SECURITIES, INC.

MEMBER: PHILIPPINE STOCK EXCHANGE

18/F Lepanto Building, 8747 Paseo de Roxas, Makati City 1226 Philippines  
Tel (632) 8856-7680 • Email: info@fyapsecurities.com

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **F. YAP 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 Philippine Financial Reporting Standards (PFRS) Accounting Standards, 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 going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management 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.

**R.S. Bernaldo & Associates**, 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 reports to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



**CHRISTINE KAREN U. YAP**  
Chairman of the Board and President



**ANTHONY Y. CHAO**  
Corporate Secretary and Treasurer

Signed this 14<sup>th</sup> day of April 2026.



## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and the Stockholders  
**F. YAP SECURITIES, INC.**  
18/F Lepanto Building, 8747 Paseo de Roxas  
Bel-Air 1209, City of Makati, Fourth District NCR

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of **F. YAP SECURITIES, INC.** (the "Company"), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies 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 (PFRS) Accounting Standards.

#### *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 *Auditors' 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 audits of the financial statements in 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 PFRS Accounting Standards, 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.

### *Auditors' Responsibilities for the Audits 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 auditors' 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 audits. 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 audits 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 auditors' 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 auditors' 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

#### **Report on Other Legal and Regulatory Requirements**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation Nos. 15-2010, 19-2011, and 34-2020 in Note 34, to the financial statements, is presented for purposes of filing with Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the Management of **F. YAP SECURITIES, INC.** The information has been subjected to the auditing procedures applied in our audits 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.

**R.S. BERNALDO & ASSOCIATES**

BOA/PRC No. 0300

Valid until November 19, 2026

SEC Group A Accreditation No. 0300-SEC

Valid until 2024 audit period (extended until 2025 audit period)

BSP Group B Accreditation No. 0300-BSP

Valid until 2026 audit period

BIR Accreditation No. 08-007679-000-2026

Valid from February 2, 2026 until February 1, 2029

IC Group A Accreditation No. 0300-IC

Valid until 2026 audit period

CDA CEA No. 013 - AF

Valid from August 28, 2025 to August 27, 2030



**ROSE ANGELI S. BERNALDO**

Managing Partner

CPA Certificate No. 114127

BOA/PRC No. 0300/P-006

Valid until November 19, 2026

SEC Group A Accreditation No. 114127-SEC

Valid until 2027 audit period

BSP Group B Accreditation No. 114127-BSP

Valid until 2025 audit period

BIR Accreditation No. 08-007679-001-2023

Valid from October 20, 2023 until October 19, 2026

Tax Identification No. 211-870-290

IC Group A Accreditation No. IC-EA-2025-0033-N

Valid until 2027 audit period

CDA CEA No. 1940

Valid from November 20, 2024 to November 19, 2029

PTR No. 10780860

Issued on January 20, 2026 at Makati City

April 14, 2026

**F. YAP SECURITIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

December 31, 2025 and 2024

(In Philippine Peso)

	NOTES	2025			2024		
		Book Value	Security Valuation		Book Value	Security Valuation	
			Long	Short		Long	Short
<b>A S S E T S</b>							
<b>Current Assets</b>							
Cash	7	296,367,986			51,437,467		
Financial assets at FVPL	8	144,267,252			113,824,070		
Trade and other receivables – net	9	77,914,066	1,337,063,652		85,125,166	875,294,267	
Prepayments and other assets	10	2,044,591			872,724		
		<b>520,593,895</b>	<b>1,337,063,652</b>		<b>251,259,427</b>	<b>875,294,267</b>	
<b>Non-current Assets</b>							
Financial assets at FVOCI	11	49,552,973			39,509,180		
Investment in a subsidiary	12	-			43,529,562		
Property and equipment – net	13	48,958,336			53,767,259		
Intangible assets – net	14	1,441,157			443,536		
Prepayments and other assets – net of current portion	10	1,014,675			-		
		<b>100,967,141</b>			<b>137,249,537</b>		
<b>TOTAL ASSETS</b>		<b>621,561,036</b>	<b>1,337,063,652</b>		<b>388,508,964</b>	<b>875,294,267</b>	
<b>SECURITIES</b>							
In Vault, Transfer Office and Philippine Central Depository, Inc.					<b>7,976,723,240</b>		<b>3,429,399,560</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>							
<b>LIABILITIES</b>							
<b>Current Liability</b>							
Trade and other payables	15	318,242,609	6,639,659,588		96,005,261	2,554,105,293	
<b>Non-current Liability</b>							
Deferred taxes – net	26	6,068,669			3,147,034		
<b>TOTAL LIABILITIES</b>		<b>324,311,278</b>	<b>6,639,659,588</b>		<b>99,152,295</b>	<b>2,554,105,293</b>	
<b>STOCKHOLDERS' EQUITY</b>							
Capital Stock	17	213,211,700			181,125,000		
Additional paid-in Capital	17	9,117,518			-		
Treasury Shares	17	(29,329,218)			-		
Appropriated Retained Earnings	18	43,734,086			13,920,928		
Unappropriated Retained Earnings		24,541,938			65,788,852		
Reserves (OCI)	11	35,973,734			28,521,889		
<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>297,249,758</b>			<b>289,356,669</b>		
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>621,561,036</b>	<b>7,976,723,240</b>	<b>7,976,723,240</b>	<b>388,508,964</b>	<b>3,429,399,560</b>	<b>3,429,399,560</b>

(See Notes to Financial Statements)

**F. YAP SECURITIES, INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**

For the Years Ended December 31, 2025 and 2024

(In Philippine Peso)

	NOTES	2025	2024
<b>REVENUES</b>	19	<b>11,726,224</b>	18,175,255
<b>COST OF SERVICES</b>	20	<b>10,754,989</b>	11,712,772
<b>GROSS PROFIT</b>		<b>971,235</b>	6,462,483
<b>FINANCE COST</b>	15	<b>191,939</b>	531,822
<b>OTHER INCOME – net</b>	21	<b>23,264,893</b>	11,455,289
		<b>24,044,189</b>	17,385,950
<b>OPERATING EXPENSES</b>	22	<b>18,584,968</b>	14,347,420
<b>PROFIT BEFORE TAX</b>		<b>5,459,221</b>	3,038,530
<b>INCOME TAXES</b>	25	<b>619,817</b>	3,906,891
<b>PROFIT (LOSS)</b>		<b>4,839,404</b>	(868,361)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<b>ITEM THAT WILL NOT BE RECLASSIFIED</b>			
<b>SUBSEQUENTLY TO PROFIT OR LOSS:</b>			
<b>FAIR VALUE GAIN (LOSS) ON FINANCIAL ASSETS AT FVOCI – net</b>	11	<b>7,451,845</b>	(1,095,969)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>12,291,249</b>	(1,964,330)
<b>EARNINGS PER SHARE</b>			
<b>Basic Profit (Loss) per Share</b>	27	<b>2.56</b>	(0.48)

(See Notes to Financial Statements)

**F. YAP SECURITIES, INC.****STATEMENTS OF CHANGES IN EQUITY**

For the Years Ended December 31, 2025 and 2024

(In Philippine Peso)

	Notes	Capital Stock	Additional paid-in Capital	Treasury Shares	Reserves (OCI)	Retained Earnings		Total
						Appropriated	Unappropriated	
Balance at January 1, 2024		181,125,000	-	-	29,617,858	13,920,928	66,657,213	<b>291,320,999</b>
Loss							(868,361)	<b>(868,361)</b>
Other comprehensive loss	11				(1,095,969)			<b>(1,095,969)</b>
<b>Balance at December 31, 2024</b>	<b>11,17,18</b>	<b>181,125,000</b>	<b>-</b>	<b>-</b>	<b>28,521,889</b>	<b>13,920,928</b>	<b>65,788,852</b>	<b>289,356,669</b>
Issuance of shares	17	20,211,700	9,117,518					<b>29,329,218</b>
Collection of subscription receivable	17	11,875,000						<b>11,875,000</b>
Reacquisition of shares	17			(29,329,218)				<b>(29,329,218)</b>
Appropriation of retained earnings	17,18					29,813,158	(29,813,158)	-
Loss on investment in a subsidiary	12						(16,273,160)	<b>(16,273,160)</b>
Profit							4,839,404	<b>4,839,404</b>
Other comprehensive gain	11				7,451,845			<b>7,451,845</b>
<b>Balance at December 31, 2025</b>	<b>11,17,18</b>	<b>213,211,700</b>	<b>9,117,518</b>	<b>(29,329,218)</b>	<b>35,973,734</b>	<b>43,734,086</b>	<b>24,541,938</b>	<b>297,249,758</b>

(See Notes to Financial Statements)

**F. YAP SECURITIES, INC.**  
**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2025 and 2024

(In Philippine Peso)

	NOTES	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		5,459,221	3,038,530
Adjustments for:			
Depreciation	13,20,22	7,660,736	10,263,161
Provision for expected credit losses	9,22	3,901,110	-
Amortization	14,22	388,703	267,912
Finance cost	15	191,939	531,822
Gain on reversal of allowance for expected credit losses	9,21	-	(753,749)
Unrealized foreign exchange gain	7,21	(6,008)	(3,697)
Finance income	7,21	(580,355)	(30,275)
Unrealized loss (gain) on financial assets at FVPL	8,21	(2,906,169)	5,156,391
Gain on sale on financial assets at FVPL	8,19	(3,096,656)	(12,113,179)
Gain on waived lease payments and finance cost	15,21,24	(6,000,000)	(4,627,365)
Dividend income	8,21	(7,555,985)	(5,049,054)
Operating cash flows before changes in working capital		(2,543,464)	(3,319,503)
Decrease (Increase) in operating assets:			
Financial assets at FVTPL		(24,548,357)	35,519,868
Trade and other receivables		48,333,054	6,456,392
Prepayments and other assets		(1,837,251)	(121,591)
Decrease in trade and other payables		(38,045,876)	(3,794,482)
Cash generated from (used in) operations		(18,641,894)	34,740,684
Dividends received	8,21	7,555,985	5,049,054
Net cash from (used in) operating activities		(11,085,909)	39,789,738
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Finance income received	7,21	580,355	30,275
Additions to property and equipment	13	(64,036)	(2,188,136)
Additions to investment in a subsidiary	12	(1,000,000)	-
Net cash used in investing activities		(483,681)	(2,157,861)
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Collection of subscription receivable	17	11,875,000	-
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGE ON CASH</b>	7,21	6,008	3,697
<b>NET INCREASE IN CASH</b>		311,418	37,635,574
<b>CASH FROM ABSORBED COMPANY</b>	12	244,619,101	-
<b>CASH AT BEGINNING OF YEAR</b>		51,437,467	13,801,893
<b>CASH AT END OF YEAR</b>		296,367,986	51,437,467

(See Notes to Financial Statements)

## **F. YAP SECURITIES, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2025 and 2024

#### **1. CORPORATE INFORMATION AND STATUS OF OPERATIONS**

F. Yap Securities, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 10, 1973. The Company is primarily engaged in the business of stock and bond brokers and dealers in securities, and in all activities directly or indirectly connected therewith or/incident thereto.

The Company is 59.75% owned by YHS Holdings Corporation (the "Parent"), a domestic corporation, and 40.25% owned by Filipino individuals. The Parent's registered office address is located at E-2301 23/F PSE Ctr. Exchange Rd., Pasig City.

In accordance with Securities Regulation Code (SRC) Rule 28.1, the Company has been appointed successor broker of PCCI Securities Brokers Corporation in May 2018.

On a special joint meeting by the Board of Directors and the stockholders, held on May 31, 2024, the merger of the Company and its wholly-owned subsidiary, Yapster e-Trade, Inc. was approved, the former being the surviving entity. The Company's merger application to SEC was approved with September 30, 2025 as the effective date. The subsidiary's operations shall continue under F. Yap Securities, Inc.

The Company's registered business address is located at 18/F of Lepanto Building, 8747 Paseo de Roxas Bel-Air 1209, City of Makati, Fourth District NCR.

#### **2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS) Accounting Standards. The term "PFRS Accounting Standards" in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FSRSC and adopted by SEC.

These new and revised PFRS Accounting Standards prescribe new accounting recognition, measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

## **2.01 New and Revised PFRS Accounting Standards Applied with No Material Effect on the Financial Statements**

The following new and revised PFRS Accounting Standards have also been adopted in these financial statements. The application of these new and revised PFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PAS 21, *Lack of Exchangeability*

The amendments contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The amendments cover the following areas:

- Specify when a currency is exchangeable into another currency and when it is not – a currency is exchangeable if it can be exchanged for another currency through markets or mechanisms that establish enforceable rights and obligations without delay, while it is not exchangeable if an entity can only obtain a small amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable – when a currency isn't exchangeable at a measurement date, an entity estimates the spot exchange rate as the rate that would have applied in an orderly transaction.
- Require the disclosure of additional information when a currency is not exchangeable - when a currency is not exchangeable, an entity discloses information to its financial statements, allowing users to assess its financial performance, position, and cash flows.

The amendments are effective to annual reporting periods beginning on or after January 1, 2025.

## **2.02 New and Revised PFRS Accounting Standards Applied in Issue but Not Yet Effective**

The Company will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS Accounting Standards to have significant impact on the financial statements.

### *2.02.01 Standard Adopted by FSRSC and Approved by the Board of Accountancy (BOA)*

- Amendments to PFRS 9 and PFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*

The amendments cover the following areas:

- Derecognition of a financial liability settled through electronic transfer – the amendments allow entities to discharge a financial liability settled in cash using an electronic payment system if specific criteria are met, and apply the derecognition option to all settlements made through the same system.

- Classification of financial assets:
  - Contractual terms that are consistent with a basic lending arrangement – the amendments outline how entities can evaluate whether contractual cash flows of a financial asset align with a basic lending arrangement, illustrating this through examples of financial assets with or without principal and interest payments.
  - Assets with non-recourse features – the term 'non-recourse' is enhanced, defining a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
  - Contractually linked instruments – the amendments clarify that not all transactions with multiple debt instruments meet classification criteria, and that instruments in the underlying pool can include financial instruments not covered by classification requirements.
- There are amendments in the required disclosure for financial assets and liabilities with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted.

An entity is required to apply the amendments retrospectively. An entity is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight.

- Annual Improvements to PFRS Accounting Standards - Volume 11

The International Accounting Standards Board (IASB) has published proposed narrow-scope amendments to PFRS Accounting Standards and accompanying guidance as part of its periodic maintenance of the Accounting Standards.

The proposed amendments included in the Exposure Draft *Annual Improvements to PFRS Accounting Standards—Volume 11* relate to:

- PFRS 1, *First-time Adoption of International Financial Reporting Standards, Hedge Accounting by a First-Time Adopter* – the amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9, *Financial Instruments*.
- PFRS 7, *Financial Instruments: Disclosures*
  - Gain or Loss on Derecognition – the amendment addresses a potential confusion in paragraph B38 of PFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13, *Fair Value Measurement* was issued.
  - Disclosure of Deferred Difference Between Fair Value and Transaction Price – the amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.

- Introduction and Credit Risk Disclosures – the amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.
- PFRS 9, *Financial Instruments*
  - Lessee derecognition of lease liabilities – the amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account for an extinguishment of a lessee’s lease liability that arises because paragraph 2.1(b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of PFRS 9.
  - Transaction price – the amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of ‘transaction price’ in PFRS 15, *Revenue from Contracts with Customers* while term ‘transaction price’ is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.
- PFRS 10, *Consolidated Financial Statements, Determination of a ‘de facto agent’* – the amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
- PAS 7, *Statement of Cash Flows, Cost Method* – the amendment addresses a potential confusion in applying paragraph 37 of PAS 7 that arises from the use of the term ‘cost method’ that is no longer defined in PFRS Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026 with earlier application permitted.

- PFRS 17, *Insurance Contracts*

PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2027. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2030, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030. Early application is permitted for entities that apply PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

The amendments cover the following areas:

- Insurance acquisition cash flows for renewals outside the contract boundary;
- Reinsurance contracts held—onerous underlying insurance contracts;
- Reinsurance contracts held—underlying insurance contracts with direct participation features; and
- Recognition of the contractual service margin in profit or loss in the general model.

The amendments are effective to annual reporting periods beginning on or after January 1, 2027. However, all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030.

- Amendment to PFRS 17, *Initial Application of PFRS 17 and PFRS 9—Comparative Information*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and Insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2027, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030.

- PFRS 18, *Presentation and Disclosure in Financial Statements*

PFRS 18 supersedes PAS 1, *Presentation and Disclosure in Financial Statements*. This new standard is a result of IASB's Primary Financial Statements project, which aimed at improving comparability and transparency of communication in financial statements.

While several sections from PAS 1, have been retained with minimal changes in wording, PFRS 18 introduces new requirements for the presentation and disclosures in financial statements.

The new requirements include:

- Improved comparability in the statement of profit or loss (income statement);
- Enhanced transparency of management-defined performance measures; and

- More useful grouping of information in the financial statements.

Retrospective application is required in both annual and interim financial statements. PFRS 18 is effective beginning on or after January 1, 2027, with early application permitted.

- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

PFRS 19 allows eligible entities to provide reduced disclosures compared to the requirements in other PFRS Accounting Standards. Entities that elect PFRS 19 are still required to apply the recognition, measurement and presentation requirements of other PFRS Accounting Standards.

An entity may elect to apply the PFRS 19 if at the end of reporting period:

- It is a subsidiary as defined in PFRS 10, *Consolidated Financial Statements*;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with PFRS accounting standards.

An eligible entity (including an intermediate parent) can apply PFRS 19 in its consolidated, separate or individual financial statements. PFRS 19 is applicable for both annual and interim reporting.

PFRS 19 is effective beginning on or after January 1, 2027, with early application permitted.

#### 2.02.02 Deferred

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

On January 13, 2016, the FSRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

### **3. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

#### **3.01 Statement of Compliance**

The financial statements have been prepared in conformity with PFRS Accounting Standards and are under the historical cost convention, except for certain financial instruments that are carried either at fair value or at amortized cost.

### **3.02 Functional and Presentation Currency**

Items included in the financial statements of the Company are measured using Philippine Peso (₱), the currency of the primary economic environment in which the Company operates (the “functional currency”).

The Company chose to present its financial statements using its functional currency.

### **3.03 Current and Non-current Presentation**

The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Company classifies all other assets as non-current.

The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) 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, respectively.

## **4. MATERIAL ACCOUNTING POLICIES**

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

### **4.01 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.

When measuring fair value the Company takes into consideration the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. In addition, it assumes that the transaction takes place either: (a) in the principal market; or (b) in the absence of a principal market, in the most advantageous market.

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

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.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

## **4.02 Financial Assets**

### **4.02.01 Initial Recognition and Measurement**

The Company recognizes a financial asset in its statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Except for trade receivables that do not have a significant financing component, at initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, the Company measures trade receivables that do not have a significant financing component at their transaction price.

### **4.02.02 Classification**

#### **➤ Financial Asset Measured at Amortized Cost**

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost include cash in banks, reserve bank account, trade and other receivables, and refundable deposit presented under 'prepayment and other assets'.

#### a) Cash in Banks and Reserve Bank Account

Cash in banks and reserve bank account pertain to cash deposits held at call with banks that are subject to insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

#### b) Trade and Other Receivables

Trade and other receivables are initially recognized at the amount to be received. Subsequently, it is measured at amortized cost using the effective interest method, less any impairment. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### ➤ Financial Assets at Fair Value through Other Comprehensive Income

The Company makes an irrevocable election at initial recognition for investments in equity instruments that would otherwise be measured at fair value through profit or loss (FVPL) to present subsequent changes in fair value through other comprehensive income (FVOCI).

Financial assets at FVOCI include investment in shares of stock traded in the local stock exchange and investment in Yatchclub shares.

#### ➤ Financial Assets at Fair Value through Profit or Loss

A financial asset shall be measured at FVPL unless it is measured at amortized cost or at FVOCI.

Financial assets at FVPL includes held for trading investments.

#### 4.02.03 Effective Interest Method

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

#### 4.02.04 Impairment

The Company measures expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Company adopted the following approaches in accounting for impairment.

➤ General Approach

The Company applies the general approach to cash in banks, reserve bank account, other receivables and refundable deposit presented under 'prepayment and other assets'. At each reporting date, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Company measures the loss allowance equal to 12-month expected credit losses.

The Company compares the risk of default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, inflation and unemployment rates, the status of the counterparties' industry, and the available financial information of each counterparty to determine whether there is a significant increase in credit risk or not since initial recognition.

The Company determines that there has been a significant increase in credit risk when there is a significant decline in the factors.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Company does not apply the 30 days rebuttable presumption because the Company determines that there have been no significant increases in credit risk even when the contractual payments are 30 days past due.

If the Company has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Company performs the assessment of significant increases in credit risk on an individual basis.

The Company assessed that the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not is not applicable since based on the Company's historical experience and aging schedules, a creditor's account will be written-off when they become 365 days past due.

The Company determines that a financial asset is credit-impaired when one (1) or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and

- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

➤ **Simplified Approach**

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Company determines that a financial asset is credit-impaired when one (1) or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.02.05 Derecognition

The Company derecognizes a financial asset when, and only when the contractual rights to the cash flows the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

**4.03 Investment in a Subsidiary**

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by another entity known as parent. Control is the exposure or rights, to variable returns from the involvement with an investee and the ability to affect those returns through its power over an investee.

Investment in a subsidiary is accounted under the cost method. Under the cost method, the Company recognizes as income the dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition by the investor. Dividends received that are in excess of the earnings subsequent to the date of acquisition are not income and therefore considered as return or reduction of investment.

If the Company loses control of a subsidiary, the Company recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost or recognizes any resulting difference as a gain or loss in profit or loss attributable to the Company.

#### 4.04 Property and Equipment

Property and equipment are initially measured at cost. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Transportation equipment	9 years
Furniture and equipment	4 to 6 years

Leasehold improvements are depreciated over the shorter between improvements' useful life of five (5) years or the lease term.

The residual value, useful life and depreciation method of the Company's property and equipment is reviewed, and adjusted prospectively if appropriate, if there is an indication of a change since the last reporting date.

Construction-in-progress pertains to condominium units that are in the course of construction for rental or administrative purposes and are carried at cost, less any recognized impairment losses. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property and equipment is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

#### 4.05 Intangible Assets

Intangible assets acquired separately are initially carried at cost. Subsequently, intangible assets with definite useful life are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the Company's computer software's estimated useful life of five (5) years.

The estimated useful life, residual value and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite life are not amortized. However, such assets are reviewed annually to ensure the carrying amount does not exceed the recoverable amount regardless of whether an indicator of impairment is present. The Company considers its Philippine Stock Exchange (PSE) trading rights as having an indefinite useful life for the reason that there is no limit in the period in which the Company may generate cash inflows from this asset.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

## **4.06 Impairment of Assets**

At each reporting date, the Company assesses whether there is any indication that any of its assets other than deferred tax assets and financial assets that are within the scope of PFRS 9, *Financial Instruments* may have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

## **4.07 Financial Liabilities**

### **4.07.01 Initial Recognition and Measurement**

The Company recognizes a financial liability in its statements of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability.

### **4.07.02 Classification**

The Company classifies all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and

- contingent consideration recognized by an acquirer in a business combination.

The Company's financial liabilities measured at amortized cost pertain to trade and other payables (excluding payable to government agencies).

The Company does not have financial liabilities measured at fair value through profit or loss in both years.

#### 4.07.03 Derecognition

The Company removes a financial liability (or part of a financial liability) from its statements of financial position when, and only when, it is extinguished (i.e. when the obligation in the contract is discharged or cancelled or expired).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

#### **4.08 Due to Government Agencies**

Due to government agencies, including withholding tax payables and mandatory contributions to SSS, PhilHealth, and HDMF are recognized as current liabilities upon incurrence and measured at cost. Settlement is made in accordance with statutory deadlines and regulatory requirements.

#### **4.09 Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

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

#### **4.10 Offsetting of Financial Instruments**

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

#### **4.11 Employee Benefits**

##### 4.11.01 Short-term Employee Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term employee benefits given by the Company to its employees include salaries and wages, SSS, HDMF and PHIC contributions.

#### 4.12 Provisions

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

#### 4.13 Revenue Recognition

The Company recognizes revenue when the Company satisfies a performance obligation by transferring a promised good or service (i.e. asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

##### 4.13.01 Performance Obligations Satisfied Over Time

The Company's revenue from commission on stockbroking is recognized over time. The Company transfers control of a service over time and, therefore, satisfies a performance obligation and recognizes revenue over time when the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

Commission income is recognized upon confirmation of the buying and selling transaction. Commission rates charged differ from one client to another, but should not be below the minimum commission of P20 and above the maximum commission of 1.5% set by PSE and SEC.

Per SRC Rule 30.2, the following minimum commission rates apply:

<b>Transaction Value</b>	<b>Commission Rate</b>
> P100M and below	0.00250
> P100M up to P500M	0.00150 but not less than P250K
> P500M up to P1B	0.00125 but not less than P750K
> P1B up to P5B	0.00100 but not less than P1.25M
> P5B up to P10B	0.00075 but not less than P5M
> P10B	0.00050 but not less than P7.5M

##### 4.13.02 Commission Income

The Company should determine whether it is a principal or an agent in a transaction through the nature of its promise in a performance obligation.

The Company determines whether the nature of its promise is a performance obligation to provide a specified service itself (i.e. the Company is a principal) or to arrange for the other party to provide those services (i.e. the Company is an agent).

The Company is a principal if it controls a promised service before it transfers the service to a customer. It recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for those services transferred.

The Company is an agent if its performance obligation is to arrange for the provision of services by another party. It recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its services.

#### 4.13.03 Dividend Income

Dividend income from investments is recognized when the shareholder’s right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

#### **4.14 Expense Recognition**

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Company.

The Company recognizes expenses in the statements of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Costs and expenses are recognized upon utilization of the service or at the date they are incurred. Certain costs and expense are allocated as follows:

	Operating Expenses	Cost of Services
Rent	60%	40%
Postage, telephone and communication	60%	40%
Office supplies	60%	40%
Depreciation	75%	25%

#### **4.15 Leases**

##### 4.15.01 The Company as Lessee

The Company considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration. To apply this definition, the Company assesses whether the contract meets three (3) key evaluations, which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

- The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

The Company has elected to account for short-term leases and low-value assets using the practical expedients. Instead of recognizing an ROU asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

#### Right-of-Use (ROU) Asset

At the commencement date, the Company measures the ROU asset at cost, which comprises of:

- initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any incentives received;
- any initial direct costs incurred by the Company;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent to initial recognition, ROU asset is carried at cost less accumulated depreciation and accumulated impairment losses. The Company depreciates the ROU asset on a straight-line method from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Company also assesses the ROU asset for impairment when such indicators exist.

On the statements of financial position, ROU assets have been presented under property and equipment.

#### Lease Liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not, the Company uses the incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under the residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect in-substance fixed lease payments.

The Company recognizes the amount of remeasurement of the lease liability as an adjustment to the ROU asset. However, if the carrying amount of the ROU asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

On the statements of financial position, lease liabilities have been presented under trade and other payables.

#### **4.16 Related Parties and Related Party Transactions**

A related party is a person or entity that is related to the Company that is preparing its financial statements. A person or a close member of that person's family is related to Company if that person has control or joint control over the Company, has significant influence over the Company, or is a member of the key management personnel of the Company or of a parent of the Company.

An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- The entity is controlled or jointly controlled by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Company and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

#### **4.17 Taxation**

Income tax expense represents the sum of the current and deferred taxes.

##### 4.17.01 Current Tax

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### 4.17.02 Deferred Taxes

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### 4.17.03 Current and Deferred Taxes for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case the tax is also recognized outside profit or loss.

#### **4.18 Changes in Accounting Policies**

The adoption of the new and revised standards and interpretations disclosed in Note 2.01 was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

### **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES**

In the application of the Company's accounting policies, which are disclosed in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **5.01 Critical Judgments in Applying Accounting Policies**

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and have the most significant effect on the amounts recognized in financial statements.

##### 5.01.01 Assessment of Contractual Terms of a Financial Asset

The Company determines whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgments, the Company considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of all its financial assets (except financial assets at FVPL and financial assets at FVOCI) are payments of principal and interest that is consistent with basic lending arrangement.

As of December 31, 2025 and 2024, financial assets measured at amortized cost amounted to P374,304,004 and P136,557,653, respectively, as disclosed in Note 29.02.

#### 5.01.02 Assessment of Control

The Company determines whether an entity qualifies as a subsidiary when it has control over an entity. The Company controls an entity when it has the power to govern the financial and operating policies of an entity so as to obtain benefits from activities. In making its judgments, the Company considers all facts and circumstances when assessing control over an investee.

In 2024, the Company assessed that it has control since it has power over the subsidiary, exposure or rights to variable returns from its involvement, and ability to use its power to affect the component of its returns. However, the Company's merger application to SEC was approved with September 30, 2025 as the effective date. Hence, the Company no longer has a subsidiary as of December 31, 2025.

As of December 31, 2025 and 2024, investment in a subsidiary amounted to nil and P43,529,562, respectively, as disclosed in Note 12.

#### 5.01.03 Assessment of Timing of Satisfaction of Performance Obligations

An entity satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur overtime or at a point in time.

Management assessed that its performance obligation from stockbroking is satisfied over time.

Revenue on commission is recognized over time when the Company transfers control of a service over time and, therefore, satisfies a performance obligation and when the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

In 2025 and 2024, revenue on commission amounted to P8,629,568 and P6,062,076, respectively, as disclosed in Note 19.

#### 5.01.04 Assessment of the Transaction Price and the Amounts Allocated to Performance Obligations

A performance obligation is a vendor's promise to transfer a good or service that is 'distinct' from other goods and services identified in the contract.

Management assessed that the transaction price for each contract with clients need not be allocated since each contract contains only one performance obligation which pertains to stockbroking.

#### 5.01.05 Assessment of 30 Days Rebuttable Presumption

An entity determines when a significant increase in credit risks occurs on its financial assets based on the credit management practice of the entity.

Management did not apply the 30 days rebuttable presumption because the Company determines that there have been no significant increases in credit risk even when the contractual payments are 30 days past due.

#### 5.01.06 Assessment of 90 Days Rebuttable Presumption

The Company determines when a default occurs on its financial assets based on the credit management practice of the Company.

Management believes that the 90 days rebuttable presumption on determining whether financial assets are credit impaired is not applicable because based on the Company's historical experience and aging schedules, a creditor's account will be written-off when they become 365 days past due.

#### 5.01.07 Assessment of Principal-Agency Arrangement

The Company determines whether the nature of its promise is a performance obligation to provide a specified service itself (i.e. the Company is a principal) or to arrange for the other party to provide those services (i.e. the Company is an agent).

In 2025 and 2024, the Company assessed that it is acting as an agent and recognized commission income from agency relationship amounting to P8,629,568 and P6,062,076, respectively, as disclosed in Note 19.

#### 5.01.08 Determining whether or not a Contract Contains a Lease

Management assessed that the contract entered with Zamcore Realty and Development Corporation (ZRDC), in both years qualifies as a lease since the contract contains an identified asset, the Company has the right to obtain substantially all of the economic benefits, and the Company has the right to direct the use of identified asset throughout the period of use.

#### 5.01.09 Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised and Termination Option will not be Exercised

Lease term is the non-cancellable period for which the Company has the right to use an underlying asset including optional periods when the Company is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term and the enforceability of the option. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option and the option is enforceable. The Company is required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Management assessed that the lease term covered the non-cancellable lease period only since the renewal option is still subject to mutual agreement by both parties, which is not enforceable under Philippine laws.

## 5.02 Key Sources of Estimation of Uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainties at the end of the reporting periods that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 5.02.01 Reviewing Residual Values, Useful Lives and Depreciation Method of Property and Equipment

The residual values, useful lives and depreciation method of the Company's property and equipment are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Company's assets are estimated based on the period over which the assets are expected to be available for use.

In determining the useful life of an asset, the Company considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets.

It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recognized operating expenses and decrease non-current assets.

The Company uses a depreciation method that reflects the pattern in which it expects to consume the asset's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which a Company expects to consume an asset's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern.

In both years, Management assessed that there is no significant change in the residual values, useful lives and depreciation method used from previous estimates since the most recent annual reporting period. As of December 31, 2025 and 2024, the aggregate carrying amounts of depreciable property and equipment amounted to P20,656,469 and P19,827,272, respectively, as disclosed in Note 13.

#### 5.02.02 Reviewing Residual Value, Useful Life and Amortization Method of Intangible Assets

The residual value, useful life and amortization method of the Company's intangible assets are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; technological advancement; and changes in market prices since the most recent annual reporting date. Amortization begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be usable in the manner intended by Management. Amortization ceases when the asset is derecognized. The Company uses straight-line method of amortization since it cannot determine reliably the pattern in which it expects to consume the asset's future economic benefits.

The Company assessed that the useful life of its computer software as finite. Intangible assets with finite life are amortized over its useful life. The Company estimates the useful life and amortization method of intangible assets based on the period and pattern in which the capitalized software's economic benefits are expected to be consumed by the Company. The estimated useful lives and amortization period of intangible assets are reviewed at each reporting period and updated if there are changes in the expected useful lives or expected pattern of consumption of future economic benefits embodied in the intangible assets.

Philippine Stock Exchange (PSE) trading rights are assessed to have indefinite life and are not amortized. However, such assets are reviewed annually to ensure the carrying amount does not exceed the recoverable amount regardless of whether an indicator of impairment is present.

In both years, Management assessed that there is no significant change in the residual value, useful life and amortization method used for computer software from previous estimates since the most recent annual reporting period. As of December 31, 2025 and 2024, the carrying amounts of computer software amounted to ₱1,243,157 and ₱245,536, respectively, as disclosed in Note 14.

In both years, the Management assessed that events and circumstances continue to support an indefinite useful life for its PSE trading rights. PSE trading rights amounted to ₱198,000 in both years, as disclosed in Note 14.

#### 5.02.03 Impairment of Assets

Impairment review is performed when certain impairment indicators are present. Determining the fair value of prepayments and other assets (except for refundable deposit), investment in a subsidiary, property and equipment, and intangible assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. In assessing value in use, the estimated future cash flows shall be discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

In addition, intangible assets with indefinite useful life are required to test impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible asset may be impaired.

While it is believed that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the results of operations.

In both years, the Management believed that there is no indication of impairment in the aforementioned assets. In both years, the Management believed that the recoverable amount of its PSE trading rights approximates its carrying amount, hence no impairment loss is recognized. As of December 31, 2025 and 2024, the aggregate amounts of the aforementioned assets amounted to P53,436,807 and P98,613,081, respectively, as disclosed in Notes 10, 12, 13 and 14.

#### 5.02.04 Estimating the Appropriate Discount Rate to Use

The Company measures the lease liabilities at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not, the Company uses the incremental borrowing rate.

Management used its incremental borrowing rate of 6.05% in 2024 to measure the present value of its lease liabilities since the implicit rate was not readily available, as disclosed in Note 15.

#### 5.02.05 Deferred Tax Assets

The Company reviews the carrying amounts at each reporting date and reduces deferred tax assets 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 assets to be utilized prior to expiration.

In both years, the Management believed that the Company would generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized prior to its expiration. As of December 31, 2025 and 2024, the Company's deferred tax assets amounted to P6,650,619 and P6,361,186, respectively, as disclosed in Note 26.

#### 5.02.06 Estimating Allowance for Expected Credit Losses

The Company transacts only with individuals referred by existing or previous clients. It is the policy of the Company to know and keep essential financial records of its clients. The Company assesses the creditworthiness of the client before entering into a new trade transaction. The Company also assesses the current and forecast information of the clients' industry and the macro-economic factors such as GDP, interest, and inflation to determine the possible impact on clients.

The Company determined that counterparty banks and Securities Clearing Corporation of the Philippines (SCCP) have low-credit risk or considered as investment grade and the probability of default is very immaterial. Hence, no provision for expected credit loss was recognized in both years.

In both years, Management believed that certain receivables are uncollectible, hence, aggregate allowance for expected credit losses of trade and other receivables amounting to P24,019,523 and P20,118,413 as of December 31, 2025 and 2024, respectively, were recognized as disclosed in Notes 9 and 29.02. In 2025 and 2024, provision for expected credit losses had to be recognized amounting to P3,901,110 and nil, respectively, as disclosed in Notes 9 and 22. In 2025 and 2024, gain on reversal of allowance for expected credit losses amounting to nil and P753,749, respectively, is recognized, as disclosed in Notes 9 and 21. Management believed that the allowance provided as of December 31, 2025 and 2024 is sufficient to cover future losses in both years.

As of December 31, 2025 and 2024, the carrying amounts of aggregate carrying amounts of financial assets measured at amortized cost amounted to P374,304,004 and P136,557,653, respectively, as disclosed in Note 29.02.

### 5.02.07 Post-employment Benefits

The determination of the retirement benefit obligation and cost is dependent on the selection of certain assumptions used by actuaries in calculating such amounts.

Those assumptions include among others, discount rates, mortality of plan members and rates of compensation increase. In accordance with generally accepted accounting principle, actual results that differ from the assumptions and the effects of changes in actuarial assumptions are recognized directly as remeasurements in other comprehensive income. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

The Company has five (5) qualified employees who have met the minimum length of service of at least five (5) years in the Company in accordance with the provisioning requirements of Republic Act No. 7641. However, the Company is exempted from coverage of the provision. The Company opted to not recognize retirement benefits in both years.

## 6. OFFSETTING OF FINANCIAL INSTRUMENTS

The following are the quantitative information for recognized financial asset:

	Gross carrying amount (before offsetting)	Gross amount set off	Net amount presented in statements of financial position (Notes 9 and 16)
<b>December 31, 2025</b>			
<b>Financial assets</b>			
Receivable from clearing house	P 27,282,711,906	P (27,282,711,906)	P -
<b>Financial liabilities</b>			
Payable to clearing house	27,302,681,617	(27,282,711,906)	19,969,711
<b>December 31, 2024</b>			
<b>Financial assets</b>			
Receivable from clearing house	P 24,042,373,279	P (24,042,373,279)	P -
Receivable from other brokers	20,900,000	(5,735,212)	15,164,788
<b>Financial liabilities</b>			
Payable to clearing house	24,042,746,366	(24,042,373,279)	373,087
Payable to other brokers	5,735,212	(5,735,212)	-

## 7. CASH

For the purpose of the statements of cash flows, cash includes cash on hand, cash in banks and reserve bank account.

Cash at the end of the reporting periods as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	2025		2024	
Cash on hand	P	9,980	P	4,980
Cash in banks		25,525,091		51,315,287
Reserve bank account		270,832,915		117,200
	P	296,367,986	P	51,437,467

SRC Rule 49.2, Customer Protection Reserves and Custody of Securities requires every broker-dealer to maintain at all times a special reserve bank account for the exclusive benefit of the customers which shall be separate from any other bank account of the broker-dealer. Withdrawals may be made from the reserve bank account to the extent that at the time of the withdrawals, the amount remaining in the reserve bank account is not less than the required minimum balance.

Cash accounts with the banks generally earn interest at rates based on daily bank deposit rates. Company's special savings account earns interest up to 0.15% inclusive of final tax for December 31, 2025 and 2024, respectively. Finance income from the bank recognized by the Company amounted to P580,355 and P30,275 in 2025 and 2024, respectively, as disclosed in Note 21. In 2025 and 2024, unrealized foreign exchange gain amounted to P6,008 and P3,697, respectively, as disclosed in Note 21.

As a result of merger with the subsidiary, the Company absorbed cash in banks amounting to P244,619,101 on September 30, 2025, as disclosed in Note 12.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The fair values of these equity securities are determined by reference to published price quotations in the PSE.

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

	2025		2024	
Outside PSE Index	P	17,772,192	P	16,100,970
Inside PSE Index		126,495,060		97,723,100
	P	144,267,252	P	113,824,070

The listed securities above represent opportunities for return through dividend income and trading gains.

The Company recognized an unrealized gain and loss in the market value of financial assets at FVPL amounting to P2,906,169 and P5,156,391 in 2025 and 2024, respectively, as disclosed in Note 21.

The Company recorded a realized net gain on sale of financial assets at FVPL amounting P3,096,656 and P12,113,179 in 2025 and 2024, respectively, as disclosed in Note 19.

In 2025 and 2024, the Company earned and received dividend income from these financial assets amounting to ₱7,555,985 and ₱5,049,054, respectively, as disclosed in Note 21.

## 9. TRADE AND OTHER RECEIVABLES – net

The Company's trade and other receivables consist of:

	<b>2025</b>	<b>2024</b>
Trade	<b>₱ 101,932,326</b>	₱ 90,077,738
Allowance for expected credit losses	<b>(24,019,523)</b>	(20,118,413)
	<b>77,912,803</b>	69,959,325
Receivable from other brokers	-	15,165,841
Others	<b>1,263</b>	-
	<b>₱ 77,914,066</b>	₱ 85,125,166

The average credit period on sales of trading securities is two (2) trading days in both years. No interest is charged on trade receivable.

As of December 31, 2025 and 2024, receivable from other brokers include outstanding balance with related parties amounted to nil and ₱15,164,788, respectively, as disclosed in Notes 6 and 16.

As a result of merger with the subsidiary, the Company absorbed trade and other receivables amounting to ₱45,023,064 on September 30, 2025, as disclosed in Note 12.

The Company holds the securities owned by the customers as collateral over these balances.

The Company's aging schedules are as follows:

	<b>2025</b>	<b>2024</b>
T+0 – T+1	<b>₱ 29,907,636</b>	₱ 4,899,788
T+2 – T+12	<b>14,015,015</b>	6,129,390
T+13 – T+30	<b>5,741,939</b>	339,985
Over T+30	<b>52,267,736</b>	78,708,575
	<b>₱ 101,932,326</b>	₱ 90,077,738

The Company's trade receivable as of December 31, 2025 and 2024, arising from its security valuation are as follow:

2025			
	Debit Balances		Security Long Valuation
<b>Cash and fully secured accounts:</b>			
More than 250%	P	27,237,439	P 1,269,209,115
Between 200% and 250%		7,149,215	14,761,108
Between 150% and 200%		16,177,431	26,299,560
Between 100% and 150%		3,544,861	4,039,980
Less than 100%		23,510,815	22,753,889
Unsecured accounts		24,312,565	-
	<b>P</b>	<b>101,932,326</b>	<b>P 1,337,063,652</b>

2024			
	Debit Balances		Security Long Valuation
<b>Cash and fully secured accounts:</b>			
More than 250%	P	4,456,934	P 769,562,988
Between 200% and 250%		16,902,559	36,985,584
Between 150% and 200%		6,988,210	11,350,789
Between 100% and 150%		41,175,644	57,344,836
Less than 100%		90,386	50,070
Unsecured accounts		20,464,005	-
	<b>P</b>	<b>90,077,738</b>	<b>P 875,294,267</b>

Movements in the allowance for expected credit losses are as follows:

	2025		2024	
Balance, January 1	P	20,118,413	P	20,872,162
Provision for expected credit losses (Note 22)		3,901,110		-
Gain on reversal of allowance for expected credit losses (Note 21)		-		(753,749)
Balance, December 31	<b>P</b>	<b>24,019,523</b>	<b>P</b>	<b>20,118,413</b>

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

## 10. PREPAYMENTS AND OTHER ASSETS

The details of the account are shown below:

		2025		2024
Prepayments	P	306,234	P	176,593
Contribution to Clearing and Trade Guarantee Fund (CTGF)		992,723		-
Excess tax credits		854,647		483,101
Input VAT		722,087		-
Advances to officers and employees		161,623		161,623
Refundable deposit		21,952		-
Deferred input VAT		-		51,407
Total		3,059,266		872,724
Non-current portion		(1,014,675)		-
Current portion	P	2,044,591	P	872,724

Prepayments pertain to insurance and taxes and licenses of the Company.

Contribution to CTGF comprises of monthly payments as active clearing member of Securities Clearing Corporation of the Philippines (SCCP).

Excess tax credits arise from creditable withholding tax certificates obtained from the Company's customers and the overpayment of income taxes in prior years. These are accumulated and are reduced when applied against income tax payables.

As of December 31, 2025 and 2024, input VAT is net of amount applied against output VAT amounting to P1,499,896 and P1,975,024, respectively.

As a result of merger with the subsidiary, the Company absorbed prepayments and other assets amounting to P531,421 on September 30, 2025, as disclosed in Note 12.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income (FVOCI) consist of PSE shares in which demutualization of the Exchange in August 2001 and the listing of PSE shares on December 15, 2003 have resulted to the conversion of the former Exchange Seat to 50,000 PSE shares and Trading Right.

The financial assets at FVOCI consists of the following:

		2025		2024
Investment in PSE shares (Note 11.01)	P	49,294,973	P	39,359,180
Investment in yacht club shares (Note 11.02)		150,000		150,000
Other investments (Note 11.03)		108,000		-
	P	49,552,973	P	39,509,180

The fair values of financial assets at FVOCI have been determined directly by reference to published prices in active market. The unrealized fair value gain and loss on the financial assets at FVOCI, net of tax, amounting to P7,451,845 and P1,095,969 in 2025 and 2024, respectively, is shown as other comprehensive income in the statements of comprehensive income. As of December 31, 2025 and 2024, the cumulative market adjustment recognized amounted to P35,973,734 and P28,521,889, net of its tax effect of P11,991,244 and P9,507,296, respectively, as disclosed in Note 26.02, respectively.

#### 11.01 Investment in PSE Shares

The reconciliation of the carrying amounts of the Company's investment in PSE shares for December 31, 2025 and 2024 are shown below:

	2025	2024
Cost	<b>P 1,300,000</b>	P 1,300,000
Accumulated change in fair value		
Balance at the beginning of the year	<b>38,059,180</b>	39,499,150
Net market adjustments	<b>7,451,845</b>	(1,079,978)
Deferred tax	<b>2,483,948</b>	(359,992)
Balance, December 31	<b>47,994,973</b>	38,059,180
	<b>P 49,294,973</b>	P 39,359,180

As of December 31, 2025 and 2024, the Company has a total number of 239,995 PSE shares.

Unrealized fair value changes on these financial assets at FVOCI are taken directly into the equity net of related tax.

#### 11.02 Investment in Yacht Club Shares

The reconciliation of the shares and carrying amounts of the Company's investment in yacht club shares for 2025 and 2024 are shown below:

	2025	2024
Cost	<b>P 180,000</b>	P 180,000
Accumulated change in fair value		
Balance at the beginning of the year	<b>(30,000)</b>	(8,678)
Net market adjusted	-	(15,991)
Deferred tax	-	(5,331)
Balance, December 31	<b>(30,000)</b>	(30,000)
	<b>P 150,000</b>	P 150,000

With reference to most recent published price and based to the last transacted price of the share, the fair value of this club share amounted to P150,000, as of December 31, 2025 and 2024, respectively. In 2025 and 2024, the Company recognized unrealized loss in equity amounting to nil and P21,322, respectively.

### 11.03 Other Investment

Other investments consist of equity securities from Abra Mining & Industrial Corp. that were reclassified from financial assets at FVPL to financial assets at FVOCI during the year amounting to P108,000. The Company has 20,000,000 shares as of December 31, 2025 and 2024.

## 12. INVESTMENT IN A SUBSIDIARY

Investment in a subsidiary is accounted for under the cost method. The Company recognizes as income the dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition by the investor. Dividends received that are in excess of the earnings subsequent to the date of acquisition are not income and therefore considered as return or reduction of investment.

As disclosed in Note 1, on a special joint meeting by the Board of Directors and the stockholders, held on May 31, 2024, the merger of the Company and its wholly-owned subsidiary, Yapster e-Trade, Inc. was approved, the former being the surviving entity. The Company's merger application to SEC was approved with September 30, 2025 as the effective date. The subsidiary's operations shall continue under F. Yap Securities, Inc.

Details of the Company's investment in a subsidiary as of September 30, 2025 and December 31, 2024 are as follows:

Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	Proportion of Ownership and Voting Interest	
			2025*	2024
Yapster e-Trade, Inc.	Brokerage Services	Philippines	100%	100.00%

The summarized financial information of the subsidiary is as follows:

	2025*	2024
Total assets	<b>P 294,347,687</b>	P 249,170,590
Total liabilities	<b>266,091,285</b>	217,797,389
Net assets	<b>28,256,402</b>	31,373,202
Deficit, beginning	<b>(11,626,799)</b>	(7,845,153)
Loss	<b>(4,116,801)</b>	(3,781,646)

*\*The information above is as of September 30, 2025, prior to the merger with F. Yap Securities Inc.*

As a result of merger, the Company absorbed the following assets and assumed the liabilities of the subsidiary recognizing loss on investment in a subsidiary amounting to P16,273,160, which was directly charged to Company's unappropriated retained earnings as disclosed in the statements of changes in equity.

Cash in banks (Notes 7 and 31)	P	244,619,101
Trade and other receivables (Notes 9 and 31)		45,023,064
Prepayments and other assets (Notes 10 and 31)		531,421
Property and equipment (Notes 13 and 31)		2,787,777
Intangible assets (Notes 14 and 31)		1,386,324
Trade and other payables (Notes 15 and 31)		(266,091,285)
Net assets as of September 30, 2025		28,256,402
Carrying amount of investment in a subsidiary as of September 30, 2025		(44,529,562)
<b>Loss on investment in a subsidiary</b>	<b>P</b>	<b>(16,273,160)</b>

On March 7, 2025, the Company made partial payment amounting to P1,000,000 for its subscription with its subsidiary. Hence, as of September 30, 2025, investment in a subsidiary amounted to P44,529,562.

As of December 31, 2025 and 2024, investment in a subsidiary amounted to nil and P43,529,562, respectively. As of December 31, 2025 and 2024, the Company has an unpaid subscription with its subsidiary amounting to nil and P17,000,000, respectively.

### 13. PROPERTY AND EQUIPMENT – net

The carrying amounts of the Company’s property and equipment are as follows:

	Furniture and Equipment		Transportation Equipment		Leasehold Improvement		Construction-in Progress		Right-of-use Asset		Total
<b>January 1, 2024</b>											
Cost	₱	15,324,527	₱	12,880,620	₱	17,947,056	₱	28,301,867	₱	-	₱ 74,454,070
Accumulated depreciation		(13,298,779)		(8,294,013)		(2,295,233)		-		-	(23,888,025)
<b>Carrying amount</b>		<b>2,025,748</b>		<b>4,586,607</b>		<b>15,651,823</b>		<b>28,301,867</b>		-	<b>50,566,045</b>
<b>Movements during 2024</b>											
Balance, January 1		2,025,748		4,586,607		15,651,823		28,301,867		-	50,566,045
Additions		262,589		-		1,925,547		-		11,276,239	13,464,375
Depreciation		(802,665)		(591,155)		(3,231,222)		-		(5,638,119)	(10,263,161)
<b>Balance, December 31</b>		<b>1,485,672</b>		<b>3,995,452</b>		<b>14,346,148</b>		<b>28,301,867</b>		<b>5,638,120</b>	<b>53,767,259</b>
<b>December 31, 2024</b>											
Cost		15,587,116		12,880,620		19,872,603		28,301,867		11,276,239	87,918,445
Accumulated depreciation		(14,101,444)		(8,885,168)		(5,526,455)		-		(5,638,119)	(34,151,186)
<b>Carrying amount</b>		<b>1,485,672</b>		<b>3,995,452</b>		<b>14,346,148</b>		<b>28,301,867</b>		<b>5,638,120</b>	<b>53,767,259</b>
<b>Movements during 2025</b>											
Balance, January 1		1,485,672		3,995,452		14,346,148		28,301,867		5,638,120	53,767,259
Additions		64,036		-		-		-		-	64,036
Addition due to merger (Note 12)		2,787,777		-		-		-		-	2,787,777
Depreciation		(676,395)		(591,160)		(755,061)		-		(5,638,120)	(7,660,736)
<b>Balance, December 31</b>		<b>3,661,090</b>		<b>3,404,292</b>		<b>13,591,087</b>		<b>28,301,867</b>		-	<b>48,958,336</b>
<b>December 31, 2025</b>											
Cost		18,438,929		12,880,620		19,872,603		28,301,867		11,276,239	90,770,258
Accumulated depreciation		(14,777,839)		(9,476,328)		(6,281,516)		-		(11,276,239)	(41,811,922)
<b>Carrying amount</b>	₱	<b>3,661,090</b>	₱	<b>3,404,292</b>	₱	<b>13,591,087</b>	₱	<b>28,301,867</b>	₱	-	<b>48,958,336</b>

Additions amounting to P64,036 and P2,188,136 in 2025 and 2024, respectively, were paid in cash.

As of December 31, 2025 and 2024, lease liability related to ROU asset amounted to nil and P5,808,061, respectively, as disclosed in Note 15.

Depreciation is allocated as follows:

		2025		2024
Cost of services (Note 20)	P	1,915,184	P	2,565,790
Operating expenses (Note 22)		5,745,552		7,697,371
	P	7,660,736	P	10,263,161

In both years, the Company has determined that there is no indication that impairment has occurred on its property and equipment.

#### 14. INTANGIBLE ASSETS – net

The carrying amounts of the Company's intangible assets are as follows:

		PSE Trading Rights		Computer Software		Total
<b>January 1, 2024</b>						
Cost	P	198,000	P	1,339,285	P	1,537,285
Accumulated amortization		-		(825,837)		(825,837)
<b>Carrying amount</b>		<b>198,000</b>		<b>513,448</b>		<b>711,448</b>
<b>Movements during 2024</b>						
Balance, January 1		198,000		513,448		711,448
Amortization (Note 22)		-		(267,912)		(267,912)
<b>Balance, December 31</b>		<b>198,000</b>		<b>245,536</b>		<b>443,536</b>
<b>December 31, 2024</b>						
Cost		198,000		1,339,285		1,537,285
Accumulated amortization		-		(1,093,749)		(1,093,749)
<b>Carrying amount</b>		<b>198,000</b>		<b>245,536</b>		<b>443,536</b>
<b>Movements during 2025</b>						
Balance, January 1		198,000		245,536		443,536
Additions due to merger (Note 12)		-		1,386,324		1,386,324
Amortization (Note 22)		-		(388,703)		(388,703)
<b>Balance, December 31</b>		<b>198,000</b>		<b>1,243,157</b>		<b>1,441,157</b>
<b>December 31, 2025</b>						
Cost		198,000		2,725,609		2,923,609
Accumulated amortization		-		(1,482,452)		(1,482,452)
<b>Carrying amount</b>	P	<b>198,000</b>	P	<b>1,243,157</b>	P	<b>1,441,157</b>

#### 14.01 PSE Trading Rights

Republic Act No. 8799 entitled “Securities Regulation Code” prescribes the conversion of the PSE into a stock corporation on August 8, 2001 pursuant to a conversion plan approved by the SEC.

As a result of the conversion plan and on the basis of the relative fair values of the PSE and the trading rights as of the time of demutualization, the Company’s membership in the stock exchange amounted to ₱198,000 in both years.

There is no impairment in PSE trading rights’ value for both years. Trading rights as the subject of the most recent sale approved by the PSE Board of Directors on December 14, 2011 amounted to ₱8,500,000. This is based on the certification dated March 4, 2014, issued to the Company by the Philippine Stock Exchange, Inc. – Market Regulation Division.

#### 14.02 Computer Software

The software underwent major system upgrades in 2019 amounting to ₱1,339,285. The upgraded system was completed in December 2020. It is also the commencement date of the use of the upgraded system.

As a result of merger with the subsidiary, the Company absorbed computer software with carrying amount of ₱1,386,324 on September 30, 2025, as disclosed in Note 12.

As of December 31, 2025 and 2024, carrying amount of computer software amounted to ₱1,243,157 and ₱245,536, respectively.

As of December 31, 2025 and 2024, the remaining useful life is three (3) years and one (1) year, respectively.

The Company has determined that there is no indication that the impairment has occurred on its intangible assets in both years.

### 15. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

	2025	2024
Payable to customers	P 294,265,981	P 87,251,341
Payable to clearing house	19,969,711	373,087
Payable to government agencies	186,900	416,388
Dividends payable – customers	140,619	140,619
Accrued expenses	126,000	54,400
Lease liability (Note 15.01)	-	5,808,061
Payable to other brokers	-	3,665
Others	3,553,398	1,957,700
	<b>P 318,242,609</b>	<b>P 96,005,261</b>

Payable to customers are non-interest bearing and normally paid within two (2) days after the trading date.

Payable to clearing house should be paid within two (2) days after the transaction date. Otherwise, the Company will be considered in default and will be charged with penalties. As of December 31, 2025 and 2024, payable to clearing house was presented as net of receivable from clearing house, as disclosed in Note 6.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The Company's payable to customers as of December 31, 2025 and 2024 consists of the following:

	2025		2024	
	Credit Balances	Security Valuation/ Long	Credit Balances	Security Valuation/ Long
Free balance				
With money	P 294,265,981	P 1,904,306,002	P 87,251,341	P 850,927,686
No money	-	4,735,353,586	-	1,703,177,607
	<b>P 294,265,981</b>	<b>P 6,639,659,588</b>	<b>P 87,251,341</b>	<b>P 2,554,105,293</b>

As a result of merger with the subsidiary, the Company assumed trade and other payables amounting to P266,091,285 on September 30, 2025, as disclosed in Note 12.

#### 15.01 Lease Liability

The Company, as a lessee, entered into lease agreement as disclosed in Note 24. The incremental borrowing rate applied to lease liability recognized under PFRS 16 *Leases*, is 6.05% at the initial recognition in 2024.

The totals of future minimum lease payments at the end of the reporting period are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2025	2024	2025	2024
Not later than one (1) year	P -	P 6,000,000	P -	P 5,808,061
Discount	-	(191,939)	-	-
Present value of minimum lease payments	<b>P -</b>	<b>P 5,808,061</b>	<b>P -</b>	<b>P 5,808,061</b>

Movement of lease liabilities are as follows:

	2025	2024
Balance at January 1	P 5,808,061	P -
Additions	-	9,903,604
Finance cost incurred	191,939	531,822
Waived lease payment and finance cost (Notes 21 and 24)	(6,000,000)	(4,627,365)
Balance at December 31	<b>P -</b>	<b>P 5,808,061</b>

As of December 31, 2025 and 2024, ROU asset related to the lease liability have carrying amount of nil and P5,638,120, respectively, as disclosed in Note 13.

## 16. RELATED PARTY TRANSACTIONS

Nature of relationship of the Company and its related parties are disclosed below:

Related Parties	Nature of Relationship
YHS Holdings Corporation (YHS)	Parent
Yapster e-Trade, Inc. (YETI)	Former Subsidiary
Stockholders	Members of Key Management Personnel

Balances and transactions between the Company and its related parties are disclosed below:

### 16.01 Former Subsidiary

#### 16.01.01 Receivable from Other Brokers

Transactions with the former subsidiary are detailed as follows:

	December 31, 2025		December 31, 2024	
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance
Receivable from other brokers	P 114,500,000	P -	P 20,900,000	P 20,900,000
Offsetting (Note 6)	-	-	-	(5,735,212)
	<b>P 114,500,000</b>	<b>P -</b>	<b>P 20,900,000</b>	<b>P 15,164,788</b>

In 2025 and 2024, payment for the trading transactions amounted to P79,664,788 and P32,489,005, respectively. This pertains to trade receivables with the subsidiary as advances for the net buying and selling of the trading transactions which is non-interest bearing, collectible on demand, and will be settled in cash or offsetting. No guarantees have been received. No provision for expected credit loss was recognized

As of December 31, 2025 and 2024, the Company has an outstanding receivable with YETI amounting to nil and P15,164,788, respectively, as disclosed in Notes 6 and 9.

#### 16.01.02 Payable to Brokers

Buying and selling transactions of the broker are set out below:

	December 31, 2025		December 31, 2024	
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance
Payable to brokers	P 2,049,303,779	P -	P 1,976,146,633	P 5,735,212
Offsetting (Note 6)	-	-	-	(5,735,212)
	<b>P 2,049,303,779</b>	<b>P -</b>	<b>P 1,976,146,633</b>	<b>P -</b>

In 2025 and 2024, payment for the trading transactions amounted to ₱2,046,451,532 and ₱1,970,411,421, respectively. The amount outstanding pertains to the net buying and selling for the last two (2) trading days which is non-interest bearing, payable on demand, and will be settled in cash or offsetting. No guarantees have been given.

#### 16.01.03 Commission

The Company collects ₱20 to its related party for every buying and selling transaction. For the years ended December 31, 2025 and 2024, aggregate commission income from buying and selling transaction amounted to ₱331,500 and ₱437,960, respectively, as disclosed in Note 19.

Details of the total volume of buying and selling transactions subjected to commission are as follows:

	December 31, 2025				December 31, 2024			
		Volume	Commission		Volume	Commission		
Buying	₱	1,612,405,967	₱	192,840	₱	1,338,952,796	₱	254,100
Selling		1,468,977,656		138,660		1,510,570,623		183,360
	₱	3,081,383,623	₱	331,500	₱	2,849,523,419	₱	437,460

#### **16.02 Remuneration of Key Management Personnel**

For the years ended December 31, 2025 and 2024, the remuneration of the directors and other members of key management personnel of the Company amounted to ₱446,718 and ₱367,706, respectively.

### **17. CAPITAL STOCK**

The capital stock of the Company is as follows:

	2025		2024	
	Shares	Amount	Shares	Amount
Authorized ₱100 par value	2,250,000	₱ 225,000,000	2,000,000	₱ 200,000,000
Subscribed capital ₱100 par value	2,202,117	₱ 220,211,700	2,000,000	₱ 200,000,000
Subscription receivable ₱100 par value	(70,000)	(7,000,000)	(188,750)	(18,875,000)
Paid-up capital ₱100 par value	2,132,117	₱ 213,211,700	1,811,250	₱ 181,125,000

Ordinary shares carry one (1) vote per share and a right to dividends.

On May 31, 2024, majority of BOD and at least two-thirds (2/3) of the outstanding capital stock of the Company approved the increase in authorized shares from 2,000,000 to 2,250,000 shares at ₱100 par value per share. On September 3, 2025, SEC approved the said application for increase in authorized shares.

In 2025 and 2024, the Company collected subscription receivable amounting to ₱11,875,000 and nil, respectively.

As a result of merger in 2025, the Company issued 202,117 shares for P29,329,218, recognizing additional paid-in capital amounting to P9,117,518.

### 17.01 Treasury Shares

Treasury shares pertains to 202,117 common shares redeemed in 2025 at P29,329,218. As of December 31, 2025 and 2024, treasury stocks amounted to P29,329,218 and nil, respectively.

## 18. APPROPRIATED RETAINED EARNINGS

Appropriated retained earnings of the Company are detailed as follows:

	2025	2024
Reserve fund requirements from RBCA (Note 18.01)	P 14,404,868	P 13,920,928
Appropriation for treasury shares (Note 18.02)	29,329,218	-
	<b>P 43,734,086</b>	<b>P 13,920,928</b>

### 18.01 Reserve Fund Requirements from RBCA

The following are among the reserve fund requirement provisions under Rule 49.1 (B) of SEC Memorandum Circular No. 16 (2004 series), Part I: Adoption of the Risk-based Capital Adequacy (RBCA) Requirement Ratio Framework for all registered Brokers Dealers in accordance with the SRC:

- a. Every dealer broker shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to the Appropriated Retained Earnings account in accordance with the balance of its Unimpaired Paid-Up Capital;
- b. Consistent with the general usage under SRC Rule 28.1, the term "Unimpaired Paid-Up Capital" shall refer to the firm's Total Paid-Up Capital less any deficiency in the Retained Earnings account";
- c. The amount appropriated shall not be available for the payment of dividends; and
- d. Where in any financial year the Broker-dealer's Paid-Up capital is impaired, the Broker-dealer is required to transfer from Appropriated Retained Earnings to the capital account an amount equivalent to the impairment. Such amount so transferred out should not be available for payment of dividend.

Retained earnings to be appropriated is computed as follows:

Unimpaired Paid-Up Capital	Minimum percentage of profit after tax to be placed in the Appropriated Retained Earnings
Between P10M – P30M	30%
Between P30M – P50M	20%
More than P50M	10%

Additional appropriation for the reserve fund requirements amounted to P483,940 and nil in 2025 and 2024, respectively. As of December 31, 2025 and 2024, the appropriated retained earnings in compliance with reserve fund requirement amounted to P14,404,868 and P13,920,928, respectively.

The Company is compliant with the above requirements.

#### 18.02 Appropriation for Treasury Shares

In 2025, in compliance with Revised Corporation Code of the Philippines, the Company appropriated its retained earnings amounting to P29,329,218 for the repurchased common shares for a total cost of P29,329,218.

### 19. REVENUES

The following is an analysis of the Company's revenues:

	2025	2024
Commission	<b>P 8,629,568</b>	P 6,062,076
Gain on sale of financial assets at FVPL (Note 8)	<b>3,096,656</b>	12,113,179
	<b>P 11,726,224</b>	P 18,175,255

The Company charges its clients for the buying and selling of securities at rates ranging from 0.25% to 1.5% based on transaction value. Included in the commission is the transaction with its former subsidiary amounting to P331,500 and P437,960 in 2025 and 2024, respectively, as disclosed in Note 16.

### 20. COST OF SERVICES

The following is an analysis of the Company's cost of services:

	2025	2024
Short-term employee benefits (Note 23)	<b>P 4,460,853</b>	P 3,225,361
Postage, telephone and communication	<b>2,323,511</b>	1,076,017
Depreciation (Note 13)	<b>1,915,184</b>	2,565,790
Stock exchange dues	<b>1,276,247</b>	3,797,958
Central depository fees	<b>500,277</b>	453,418
Commission	<b>229,379</b>	497,536
Office supplies	<b>49,538</b>	96,692
	<b>P 10,754,989</b>	P 11,712,772

Postage, telephone and communication pertain to the monthly bills charged by the service provider for the cost of calls made over telecommunication networks, internet usage and cloud server from e-Trading.

Stock exchange dues pertain to payments for the charges by the PSE and SCCP for the Company's transactions.

## 21. OTHER INCOME – net

Components of other income are as follows:

		2025		2024
Dividend income (Note 8)	P	7,555,985	P	5,049,054
Gain on waived lease payments and finance cost (Notes 15 and 24)		6,000,000		4,627,365
Unrealized gain (loss) on financial assets at fair value through profit or loss (Note 8)		2,906,169		(5,156,391)
Finance income (Note 7)		580,355		30,275
Unrealized foreign exchange gain (Note 7)		6,008		3,697
Gain on reversal of allowance for expected credit losses (Note 9)		-		753,749
Miscellaneous		6,216,376		6,147,540
	P	23,264,893	P	11,455,289

Miscellaneous pertain to payments from penalties imposed on customers for late payments and selling commission from shares subscribed from the entities conducting Initial Public Offerings (IPO).

## 22. OPERATING EXPENSES

The account is composed of the following expenses:

		2025		2024
Depreciation (Note 13)	P	5,745,552	P	7,697,371
Provision for expected credit losses (Note 9)		3,901,110		-
Postage, telephone and communication		3,485,266		1,614,026
Utilities		1,355,252		621,983
Professional fees		970,658		534,298
Condominium dues and fees		754,316		1,711,200
Taxes and licenses		600,472		390,023
Short-term employee benefits (Note 23)		464,438		410,584
Amortization (Note 14)		388,703		267,912
Insurance		150,778		70,487
Advertising and promotions		106,385		-
Entertainment, amusement and recreation		83,917		159,827
Office supplies		74,308		145,038
Bank charges		53,648		56,275
Repairs and maintenance		45,576		54,820
Transportation and travel		22,446		-
Trainings and seminars		6,250		20,400
Penalties		-		401,323
Others		375,893		191,853
	P	18,284,968	P	14,347,420

Condominium dues and fees pertain to the monthly dues paid by the Company for its leased office space.

Postage, telephone and communication pertain to the monthly bills charged by the service provider for the cost of calls made over telecommunication networks, internet usage and cloud server from e-Trading.

## 23. EMPLOYEE BENEFITS

### 23.01 Short-term Employee Benefits

The short-term employee benefits are composed of the following:

	2025		2024
Salaries and wages	P 4,477,776	P	3,335,382
SSS, HDMF and PHIC contributions	447,515		300,563
	<b>P 4,925,291</b>	P	<b>3,635,945</b>

The short-term employee benefits are allocated as follows:

	2025		2024
Cost of services (Note 20)	P 4,460,853	P	3,225,361
Operating expenses (Note 22)	464,438		410,584
	<b>P 4,925,291</b>	P	<b>3,635,945</b>

## 24. LEASE AGREEMENT

### 24.01 The Company as a Lessee

#### Lease Payments Recognized as a Liability

The Company's office space with an area of 1,000 square meters is owned by Zamcore Realty and Development Corporation (ZRDC), who have agreed to have the Company use the unit for its business purpose. The lease term shall be for two (2) years starting January 1, 2024, subject to renewal upon mutual written agreement of the parties. Monthly rental shall be P500,000 exclusive of twelve percent (12%) VAT. The amount herein mentioned shall be subjected to the requisite withholding tax.

In 2024, the Company recognized additions to ROU asset and lease liability amounting to P11,276,239 and P9,903,604, respectively, as disclosed in Notes 13, 15 and 31. The Company applied the prepaid rent amounting to P1,372,635 at initial recognition.

However, due to poor market conditions and continuous losses of the Company, the lessor granted a rent-free arrangement for 2024 which continued until the end of 2025. Hence, the Company recognized gain on waived lease payments and finance cost amounting to P6,000,000 and P4,627,365 in 2025 and 2024, respectively, as disclosed in Notes 15 and 21.

As of December 31, 2025 and 2024, ROU assets amounted to nil and P5,638,120, respectively, as disclosed in Note 13, while lease liability amounted to nil and P5,808,061, respectively, as disclosed in Note 15.

## 25. INCOME TAXES

### 25.01 Income Tax Recognized in Profit or Loss

Components of income tax expense are as follows:

	2025		2024	
Current tax expense	<b>P</b>	<b>182,130</b>	<b>P</b>	399,611
Deferred tax expense (Note 26)		<b>437,687</b>		3,507,280
	<b>P</b>	<b>619,817</b>	<b>P</b>	3,906,891

A numerical reconciliation between income tax expense (benefit) and the product of accounting profit multiplied by the tax rate in 2025 and 2024, are as follows:

	2025		2024	
Accounting profit	<b>P</b>	<b>5,459,221</b>	<b>P</b>	3,038,530
Tax expense at 25%		<b>1,364,805</b>		759,633
Non-deductible expenses		<b>1,289,097</b>		86,342
Adjustment to deferred taxes		-		4,330,749
Finance income subject to final tax		<b>(145,089)</b>		(7,569)
Dividend income exempt from tax		<b>(1,888,996)</b>		(1,262,264)
	<b>P</b>	<b>619,817</b>	<b>P</b>	3,906,891

Details of NOLCO are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Unapplied	Expiry Date
2023	P 880,878	P 880,878	P -	P -	2026
2025	1,854,430	-	-	1,854,430	2028
	<b>P 2,735,308</b>	<b>P 880,878</b>	<b>P -</b>	<b>P 1,854,430</b>	

Details of Company's excess MCIT which can be claimed as tax credits against regular income tax are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Unapplied	Expiry Date
2023	P 98,324	P 98,324	P -	P -	2026
2025	182,130	-	-	182,130	2028
	<b>P 280,454</b>	<b>P 98,324</b>	<b>P -</b>	<b>P 182,130</b>	

## 26. DEFERRED TAXES – net

Below is the table for the offsetting of deferred tax assets and deferred tax liabilities:

	2025	2024
Deferred tax assets (Note 26.01)	<b>P 6,650,619</b>	P 6,361,187
Deferred tax liabilities (Note 26.02)	<b>(12,719,288)</b>	(9,508,221)
	<b>P (6,068,669)</b>	P (3,147,034)

## 26.01 Deferred Tax Assets

The components of the Company's deferred tax assets and their respective movements are as follows:

		Unrealized Foreign Exchange Loss	Allowance for Expected Credit Losses	Unrealized Market Loss on FA at FVPL	NOLCO	MCIT	Effect of PFRS 16	Total
Balance, January 1, 2024	P	209	P 5,218,040	P 4,330,749	P 220,220	P 98,324	P -	P 9,867,542
Recognized in profit or loss		(209)	(188,437)	(3,041,651)	(220,220)	(98,324)	42,485	(3,506,356)
<b>Balance, December 31, 2024</b>		-	<b>5,209,603</b>	<b>1,289,098</b>	-	-	<b>42,485</b>	<b>6,361,186</b>
Recognized in profit or loss		-	975,278	(1,289,098)	463,608	182,130	(42,485)	289,433
<b>Balance, December 31, 2025</b>	<b>P</b>	-	<b>P 6,004,881</b>	<b>P -</b>	<b>P 463,608</b>	<b>P 182,130</b>	<b>P -</b>	<b>P 6,650,619</b>

## 26.02 Deferred Tax Liabilities

The Company's deferred tax liabilities and its respective movements are as follows:

		Unrealized Market Gain on FA at FVPL	Unrealized Foreign Exchange Gain	Unrealized Market Gain on FA at FVOCI	Total
Balance, January 1, 2024		P -	P -	P 9,872,619	P 9,872,619
Recognized in profit or loss		-	924	-	924
Recognized in other comprehensive income		-	-	(365,323)	(365,323)
<b>Balance, December 31, 2024</b>		-	<b>924</b>	<b>9,507,296</b>	<b>9,508,220</b>
Recognized in profit or loss		726,542	578	-	727,120
Recognized in other comprehensive income		-	-	2,483,948	2,483,948
<b>Balance, December 31, 2025</b>	<b>P</b>	<b>726,542</b>	<b>P 1,502</b>	<b>P 11,991,244</b>	<b>P 12,719,288</b>

## 27. BASIC PROFIT (LOSS) PER SHARE

The Company's basic profit (loss) per share is presented below:

	2025		2024	
Profit (Loss)	P	4,839,404	P	(868,361)
Divided by:				
Weighted average number of shares outstanding		1,891,467		1,811,250
	P	2.56	P	(0.48)

The Company's diluted earnings per share in 2025 and 2024 are the same with respective basic profit (loss) per share in 2025 and 2024.

## 28. FAIR VALUE MEASUREMENTS

### 28.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Company's financial assets and financial liabilities as of December 31, 2025 and 2024 are presented below:

	2025			
	Carrying Amount		Fair Value	
<b>Financial Assets:</b>				
Cash	P	296,367,986	P	296,367,986
Financial assets at FVPL		144,267,252		144,267,252
Trade and other receivables – net		77,914,066		77,914,066
Financial assets at FVOCI		49,552,973		49,552,973
Refundable deposit		21,952		21,952
	P	568,124,229	P	568,124,229
<b>Financial Liability:</b>				
Trade and other payables	P	318,055,709	P	318,055,709
	2024			
	Carrying Amount		Fair Value	
Financial Assets:				
Cash	P	51,437,467	P	51,437,467
Financial assets at FVPL		113,824,070		113,824,070
Trade and other receivables – net		85,125,166		85,125,166
Financial assets at FVOCI		39,509,180		39,509,180
	P	289,895,883	P	289,895,883
Financial Liability:				
Trade and other payables	P	95,588,873	P	95,588,873

The fair values of financial assets and financial liabilities are determined as follows:

- Due to short-term maturities and demand feature, the carrying amounts of cash, trade and other receivables, refundable deposit, and trade and other payables (excluding payable to government agencies) approximate their fair values.
- Financial assets at FVPL and financial assets at FVOCI are measured at fair values as determined by reference to published price quotations at the financial reporting dates.

## 28.02 Fair Value Measurements Recognized in the Statements of Financial Position

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company used Level 1 to value its financial assets at FVPL and financial assets at FVOCI. Accordingly, fair value of the financial assets at FVPL amounted to P144,267,252 and P113,824,070 as of December 31, 2025 and 2024, respectively, while fair value of the financial assets at FVOCI amounted to P49,552,973 and P39,509,180, as of December 31, 2025 and 2024, respectively.

## 28.03 Fair Value Determinations of Assets and Liabilities

The following table provides an analysis of assets and liabilities that are measured at fair value on a recurring and non-recurring basis subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which inputs to valuation techniques are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within the Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 28.03.01 Fair Value Hierarchy

Shown below are the fair values of assets:

#### Recurring Fair Value Measurements

		Level 1	Level 2	Level 3	Total
<b>2025</b>					
Financial assets at FVPL	P	144,267,252	P -	P -	P 144,267,252
Financial assets at FVOCI		49,552,973	-	-	49,552,973
<b>2024</b>					
Financial assets at FVPL	P	113,824,070	P -	P -	P 113,824,070
Financial assets at FVOCI		39,509,180	-	-	39,509,180

The Company used Level 1 to value its financial assets at fair value through other comprehensive income and fair value through profit or loss. There is no transfer between Level 1 and 2, in both years.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

Management is responsible to monitor and manage the financial risks relating to the operations of the Company and analyzes exposures by degree and magnitude of risks. These risks include market risk which includes position risk and credit risk which includes counterparty risk, liquidity risk and operational risk.

The Company seeks to minimize the effects of these risks through compliance with policies and exposure limits imposed by the Securities Regulation Code, Implementing Rules and Regulation and PSE Trading Rules. Compliance with the policies and exposure limits is reviewed by the Associated Person and the Management on a continuous basis.

### 29.01 Market Risk Management

#### 29.01.01 Interest Rate Risk Management

The Company's exposure to interest rate risk arises from its cash deposits in banks which are subject to variable interest rates.

The interest rate risk arising from deposits with banks is managed by means of effective investment planning and analysis and maximizing investment opportunities in various local banks and financial institutions.

### 29.02 Credit Risk Management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risks from cash in banks, reserve bank account, and trade and other receivables, all at amortized cost.

In accordance with SRC Rule 52.1, the Company provides an allowance for credit losses accounts as follows:

Classification	Provision	Base
<b>T+0 to T+1</b>	<b>0</b>	Total receivable (TR)
<b>T+2 to T+12</b>	<b>2%</b>	TR
<b>T+13 to T+30</b>	<b>50%</b>	TR less collateral (net of haircut)
<b>Over T+30</b>	<b>100%</b>	TR less collateral (net of haircut)

Under PFRS 9, the Company shifts from a 'loss incurred approach' to an 'expected loss' model in determining the allowance for credit losses. However, the Management believes that the impairment allowances are not materially affected in as much as the credit term is only two (2) days and that beyond 31 days a 100% provision is already provided. The same table of provision is, therefore, used.

The Company considers the following policies to manage its credit risk:

- Banks

The Company transacts only to banks with investment grade credit rating. This information is supplied by independent rating agencies. The Company uses other publicly available information such as annual report to monitor the financial status of the banks. The Company assesses the current and forecast information of the banking industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to banks.

- Trade and Other Receivables

The Company transacts only with individuals referred by existing or previous clients. It is the policy of the Company to know and keep essential financial records of its clients. The Company assesses the creditworthiness of the client before entering a new trade transaction. The Company also assesses the current and forecast information of the clients' industry and the macro-economic factors such as GDP, interest, and inflation to determine the possible impact to clients.

Financial assets measured at amortized cost are as follows:

	2025		2024	
Cash in banks and reserve bank account	P	<b>296,367,986</b>	P	51,432,487
Trade and other receivables – net		<b>77,914,066</b>		85,125,166
Refundable deposit		<b>21,952</b>		-
	<b>P</b>	<b>374,304,004</b>	<b>P</b>	<b>136,557,653</b>

The calculation of allowance for expected credit losses are based on the following three (3) components:

- Probability of Default (PD)

PD is the likelihood over a specified period, usually one year that a client will not be able to make scheduled repayments. PD depends not only on the client's characteristics, but also on the economic environment. PD may be estimated using historical data and statistical techniques.

- Loss Given Default (LGD)

LGD is the amount of money a Company loses when a client defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default.

- Exposure at Default (EAD)

EAD is the total value a company is exposed to when a loan defaults. It refers to the gross carrying amount of financial asset.

Below is the summary of computation of allowance for expected credit losses:

December 31, 2025				
	PD rate	LGD rate	EAD	ECL
	a	b	c	d=a*b*c
Cash in banks and reserve bank account	0.00%	0.00% to 99.16%	P 296,367,986	P -
Trade and other receivables	0.00% to 23.56%	0.00% to 100.00%	101,933,589	24,019,523
Refundable deposit	0.00%	100.00%	21,952	-
			<b>P 398,323,527</b>	<b>P 24,019,523</b>

  

December 31, 2024				
	PD rate	LGD rate	EAD	ECL
	a	b	c	d=a*b*c
Cash in banks and reserve bank account	0.00%	0.00% to 98.96%	P 51,432,487	P -
Trade and other receivables	0.00% to 18.55%	0.00% to 100.00%	105,243,579	20,118,413
			<b>P 156,676,066</b>	<b>P 20,118,413</b>

#### Cash in Banks and Reserve Bank Account

The Company determined the probability of default rate by considering the following: the credit ratings; the past, current, and forecast performance of Banking Industry; the past, current, and forecast macro-economic factors that may affect the banks; and the current and projected financial information. The Company estimated the probability of default to be nil in both years.

Loss given default rate is calculated by taking into consideration the amount of insured deposit and estimated it to be 0.00% to 99.16% and 0.00% to 98.96% in 2025 and 2024, respectively.

In both years, exposure at default is equal to the gross carrying amount of cash in banks and reserve bank account.

#### Trade and Other Receivables

The Company determined the probability of default rate by considering the following: the schedules of trade receivables for the past five years; the nature of business and industry classification of the Company's customer; the past, current, and forecast performance of customer's industry; and the past, current, and forecast macro-economic factors that may affect the Company's customer. The Company estimated the probability of default to be 0.00% to 23.56% and 0.00% to 18.55% for its customers in 2025 and 2024, respectively.

Loss given default after considering collaterals are 0.00% to 100.00% in both years.

Exposure at default is equal to the gross carrying amount of trade and other receivables.

### Refundable Deposit

The Company determined the probability of default by considering the available financial information of the counterparty and performance of the counterparty's industry. In 2025, the Company estimated the probability of default to be nil.

In 2025, the loss given default rate is 100.00%, since no collateral was held on behalf of the refundable deposit.

In 2025, exposure at default is equal to the gross carrying amount of refundable deposit.

### **29.03 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	<b>Weighted Average Effective Interest Rate</b>		<b>Within One (1) Year</b>
<b>December 31, 2025</b>			
Trade and other payables	-	<b>P</b>	<b>318,055,709</b>
<b>December 31, 2024</b>			
Trade and other payables	-	<b>P</b>	<b>95,588,873</b>

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets.

	Weighted Average Effective Interest Rate	On Demand	Within One (1) Year	More than One (1) Year	Total
December 31, 2025					
Cash on hand	-	P 9,980	P -	P -	P 9,980
Cash in banks	Floating rates	25,525,091	-	-	25,525,091
Reserve bank account	Floating rates	270,832,915	-	-	270,832,915
Financial assets at FVPL	-	-	144,267,252	-	144,267,252
Trade and other receivables – net	-	-	77,914,066	-	77,914,066
Financial assets at FVOCI	-	-	-	49,552,973	49,552,973
Refundable deposit	-	-	-	21,952	21,952
		P 296,367,986	P 222,181,318	P 49,574,925	P 568,124,229

	Weighted Average Effective Interest Rate	On Demand	Within One (1) Year	More than One (1) Year	Total
December 31, 2024					
Cash on hand	-	P 4,980	P -	P -	P 4,980
Cash in banks	Floating rates	51,315,287	-	-	51,315,287
Reserve bank account	Floating rates	117,200	-	-	117,200
Financial assets at FVPL	-	-	113,824,070	-	113,824,070
Trade and other receivables – net	-	15,165,841	69,959,325	-	85,125,166
Financial assets at FVOCI	-	-	-	39,509,180	39,509,180
		P 66,603,308	P 183,783,395	P 39,509,180	P 289,895,883

### 30. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

Management manages the Company's capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2024.

The Board of Directors has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business, operation and industry.

The Company, in maintaining or adjusting the capital structure, may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. This is to ensure that the financial resources of the Company are adequate and available to absorb unforeseen or unanticipated losses.

The Company monitors capital on the basis of the following:

1. Proportion of net debt to equity.

	2025	2024
Debt	P 324,311,278	P 99,152,295
Cash	296,367,986	51,437,467
Net debt	27,943,292	47,714,828
Equity	297,249,758	289,356,669
Net debt to equity ratio	0.09:1	0.16:1

Debt is defined as total liabilities while equity includes all capital and reserves of the Company that are managed as capital.

2. Rules and regulations of the SRC with respect to the minimum:
  - a. Unimpaired paid-up capital;
  - b. Net liquid capital; and
  - c. RBCA ratio.

The following governs the regulatory capital requirements of the Company under the Amended Implementing Rules and Regulations of the SRC issued by the SEC and SEC Memorandum Circular No. 16 series of 2004:

### **30.01 Paid-up Capital Requirement**

Every Broker-dealer shall maintain the minimum unimpaired paid-up capital as governed by the existing requirements of SRC 28.1. For this purpose, the term "Paid-Up capital" shall include the following:

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

Under present regulations, the minimum paid-up capital for existing broker-dealer participating in a registered clearing agency is P30 Million, provided it is not (a) a first time registrant and (b) is not acquiring the business of existing broker-dealer firms. The Company's paid-up capital amounted to P213,211,700 and P181,125,000 as of December 31, 2025 and 2024, respectively.

### **30.02 Net Liquid Capital Requirement**

Every broker-dealer shall, at all times, have and maintain net liquid capital (NLC) of at least P5,000,000 or 5% of the aggregate indebtedness (AI), whichever is higher. However, a broker-dealer who deals only with proprietary shares and does not keep the shares under its custody shall maintain an NLC of P2,500,000 or 2.5% of the AI, whichever is higher.

NLC is the sum of Paid-Up capital and equities eligible for NLC less non-allowable assets/equities, and collateralized liabilities as specified in the applicable regulations, provided further, that the following items shall be excluded from eligible equity for NLC:

- a. Deferred income tax;
- b. Revaluation reserves; and
- c. Minority interest and any outside investment in affiliates and associates.

The Company's NLC is ₱199,000,676 and ₱140,941,339 as of December 31, 2025 and 2024. The Company's required NLC is ₱15,912,130 and ₱5,000,000 as of December 31, 2025 and 2024, respectively. Hence, the Company is in compliance with the NLC requirement.

### **30.03 RBCA Ratio Requirement**

Every Broker-dealer shall ensure that its Risk Based Capital Adequacy (RBCA) ratio is greater than or equal to 1.1, its aggregate indebtedness should not be in excess of 2000% of its NLC at all times, and its core equity is at all times greater than its operational risk requirement (ORR). Core equity is the sum of Paid-Up Capital and surplus reserves.

RBCA ratio is the ratio of NLC to the Broker-dealer's total risk exposure (Total Risk Capital Requirement), calculated as the Brokers Dealers NLC divided by its Total Risk Capital Requirement (TRCR), which is the sum of:

- a. Operational risk requirement;
- b. Credit risk requirement which include requirements for counterparty risk, settlement risk, large exposure risk, and margin lending/financing risk; and
- c. Position or market risk requirement.

The Company's RBCA ratio is 376% and 318% as of December 31, 2025 and 2024, respectively. The Company's RBCA ratio is within the required limit. These conditions have been mitigated by the Company's plan to increase its RBCA ratio by issuing additional shares and pledging of cash.

The Company's ratio of AI to NLC is 160% and 68% in 2025 and 2024, respectively. The Company is in compliance with the required ratio of AI to NLC.

The Company's core equity is ₱285,765,838 and ₱261,703,140 as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the Company's ORR amounted to ₱9,459,595 and ₱10,299,788, respectively. Hence, the Company is in compliance with the core equity requirement.

## **31. NON-CASH TRANSACTIONS**

The Company entered into non-cash investing activities which are not reflected in the statements of cash flows.

In 2024, the Company recognized additions to ROU asset and lease liability amounting to ₱11,276,239, as disclosed in Notes 13, 15 and 24.

In 2025, as a result of merger, the Company absorbed the following assets and assumed the liabilities of the Subsidiary recognizing loss on investment in a subsidiary amounting to P16,273,160, which was charged directly to Company's unappropriated retained earnings as disclosed in the statements of changes in equity, as disclosed in Note 12.

Cash in banks (Notes 7 and 12)	P	244,619,101
Trade and other receivables (Notes 9 and 12)		45,023,064
Prepayments and other assets (Notes 10 and 12)		531,421
Property and equipment (Notes 12 and 13)		2,787,777
Intangible assets (Notes 12 and 14)		1,386,324
Trade and other payables (Notes 12 and 15)		(266,091,285)
Net assets as of September 30, 2025		28,256,402
Carrying amount of investment in a subsidiary as of September 30, 2025		(44,529,562)
Loss on investment in a subsidiary	<b>P</b>	<b>(16,273,160)</b>

### 32. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities is as follows:

	2025		2024	
Beginning balance, January 1	<b>P</b>	<b>5,808,061</b>	<b>P</b>	-
Changes from financing cash flows		-		
Additions to lease liabilities		-		9,903,604
Finance cost on lease liabilities		<b>191,939</b>		531,822
Gain on waived lease payments and finance cost		<b>(6,000,000)</b>		(4,627,365)
	<b>P</b>	-	<b>P</b>	5,808,061

### 33. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issuance by the Board of Directors on April 14, 2026.

## 34. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS

### 34.01 Revenue Regulations No. 15 – 2010

The Bureau of Internal Revenue (BIR) released a revenue regulation dated November 25, 2010 amending Revenue Regulations No. 21-2002 setting forth additional disclosures on notes to financial statements. Below are the disclosures required by the said Regulation:

#### 34.01.01 Taxes and Licenses Paid or Accrued

The details of the Company's taxes and licenses fees paid or accrued in 2025 are as follows:

##### 34.01.01.01 Output VAT

The following is an analysis of the Company's total output VAT declared during the year based on the amount reflected in the revenue and other income subjected to VAT:

	VATable Sales	Government Sales	Output VAT
Commission	₱ 6,502,811	₱ 2,126,757	₱ 1,035,548
Gain on sale of market securities	3,096,656	-	371,599
Miscellaneous	772,907	-	92,749
	<b>₱ 10,372,374</b>	<b>₱ 2,126,757</b>	<b>₱ 1,499,896</b>

##### 34.01.01.02 Input VAT

An analysis of the Company's input VAT claimed during the taxable year is as follows:

Balance, January 1	₱ -
Deferred input VAT	51,407
Current year's domestic purchases/payments for:	
Domestic purchase of goods other than capital goods	33,823
Domestic purchase of services	1,870,759
<b>Total allowable input VAT</b>	<b>1,955,989</b>
Creditable VAT withheld	119,852
Remittances	146,142
Applied against output VAT	(1,499,896)
<b>Balance, December 31</b>	<b>₱ 722,087</b>

##### 34.01.01.03 Other Taxes and Licenses

An analysis on the Company's other taxes and licenses and permit fees paid or accrued during the taxable year is as follows:

Registration, permits and licenses	₱ 382,364
Documentary stamp taxes	151,588
Real property taxes	48,129
Others	18,391
	<b>₱ 600,472</b>

#### 34.01.01.04 Withholding Taxes

An analysis on the Company's withholding taxes paid or accrued during the taxable year is as follows:

Expanded withholding taxes	₱	325,372
Final withholding taxes		184,920
Withholding tax on compensation and benefits		140,162
	<b>₱</b>	<b>650,454</b>

Expanded withholding taxes include amounts withheld on payments of professional fees, agents' commission, office supplies and rental. Professional fees from general professional partnerships are not subject to withholding.

#### **34.02 Revenue Regulations No. 19 - 2011**

Pursuant to Section 244 in relation to Section 6(H) of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are prescribed to revise BIR Form 1702 setting forth the following schedules. Below are the disclosures required by the said Regulation:

##### 34.02.01 Revenue

The Company's revenues for the taxable year amounted to ₱11,726,224.

##### 34.02.02 Cost of Services

The following is an analysis of the Company's direct costs net of accruals for the taxable year:

Short-term employee benefits	₱	4,460,853
Postage, telephone and communication		2,323,511
Stock exchange dues		1,276,247
Central depository fees		500,277
Commission expense		229,379
Office supplies		49,538
	<b>₱</b>	<b>8,839,805</b>

##### 34.02.03 Other Taxable Income

The Company's other taxable income for the year are detailed as follows:

Realization of prior year unrealized foreign exchange gain on cash	₱	3,697
Miscellaneous income		6,216,376
	<b>₱</b>	<b>6,220,073</b>

Miscellaneous pertain to payments from penalties imposed on customers for late payments and selling commission from shares subscribed from the entities conducting Initial Public Offerings (IPO).

#### 34.02.04 Itemized Deductions

The following is an analysis of the Company's itemized deductions net of accruals for the taxable year:

Postage, telephone and communication	P	3,485,266
Depreciation		2,022,616
Utilities		1,355,252
Professional fees		970,658
Condominium dues and fees		754,316
Taxes and licenses		600,472
Salaries and wages		415,115
Amortization		388,703
Insurance		150,778
Advertising and promotion		106,385
Entertainment, amusement and recreation		83,917
Membership dues and fees		75,000
Office supplies		74,308
Bank charges		53,648
SSS, HDMF, PHIC Contributions		49,323
Repairs and maintenance		45,576
Training and seminars		6,250
Transportation and travel		22,446
Others		300,893
	<b>P</b>	<b>10,960,922</b>

#### 34.02.05 Reconciliation on Effect of PFRS 16

	<b>Per PFRS</b>	<b>Effect of Adoption of PFRS 16</b>	<b>Per Tax Code</b>
Depreciation	P 7,660,736	P (5,638,120)	<b>P 2,022,616</b>
Finance cost	191,939	(191,939)	-
Gain on waived lease payments and finance cost	6,000,000	(6,000,000)	-

#### **34.03 Revenue Regulations No. 34 - 2020**

Revenue Regulation No. 34-2020 prescribes the guidelines and procedures for the submission of BIR Form No. 1709, transfer pricing documentation and other supporting documents, amending for this purpose pertinent provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010.

The Company is not covered by the requirements and procedures for related transactions provided in RR No. 34-2020.



## **SUPPLEMENTAL INDEPENDENT AUDITORS' REPORT**

The Board of Directors and the Stockholders  
**F. YAP SECURITIES, INC.**  
18/F Lepanto Building, 8747 Paseo de Roxas  
Bel-Air 1209, City of Makati, Fourth District NCR

We have audited the financial statements of **F. YAP SECURITIES, INC.** for the years ended December 31, 2025 and 2024 on which we have rendered the attached report dated April 14, 2026.

In compliance with Revenue Regulation V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Company has a total number of eight (8) stockholders owning one hundred (100) or more shares each.

### **R.S. BERNALDO & ASSOCIATES**

BOA/PRC No. 0300

Valid until November 19, 2026

SEC Group A Accreditation No. 0300-SEC

Valid until 2024 audit period (extended until 2025 audit period)

BSP Group B Accreditation No. 0300-BSP

Valid until 2026 audit period

BIR Accreditation No. 08-007679-000-2026

Valid from February 2, 2026 until February 1, 2029

IC Group A Accreditation No. 0300-IC

Valid until 2026 audit period

CDA CEA No. 013 - AF

Valid from August 28, 2025 to August 27, 2030

**ROSE ANGELI S. BERNALDO**

Managing Partner

CPA Certificate No. 114127

BOA/PRC No. 0300/P-006

Valid until November 19, 2026

SEC Group A Accreditation No. 114127-SEC

Valid until 2027 audit period

BSP Group B Accreditation No. 114127-BSP

Valid until 2025 audit period

BIR Accreditation No. 08-007679-001-2023

Valid from October 20, 2023 until October 19, 2026

Tax Identification No. 211-870-290

IC Group A Accreditation No. IC-EA-2025-0033-N

Valid until 2027 audit period

CDA CEA No. 1940

Valid from November 20, 2024 to November 19, 2029

PTR No. 10780860

Issued on January 20, 2026 at Makati City

April 14, 2026

BOA/PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Group A Accredited

PKF R.S. Bernaldo & Associates is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).

**F. YAP SECURITIES, INC.****COMPUTATION OF RISK-BASED CAPITAL****ADEQUACY (RBCA) RATIO UNDER SRC RULE 49.1**

For the Year Ended December 31, 2025

(In Philippine Peso)

Total assets	628,211,655
Less: Total liabilities	<u>318,970,653</u>
Equity as per books	309,241,002
Adjustments	
Add (Deduct):	
Deferred income tax	<u>(6,650,619)</u>
Equity eligible for net liquid capital	<u>302,590,383</u>
Less: Ineligible assets	
Trading right and intangible asset	198,000
Investment in a subsidiary	-
Intercompany receivables	-
Property and equipment, net	50,201,493
All other current assets	469,120
Securities Not Readily Marketable	-
Negative exposure (SCCP)	676,157
Other assets including equity investments in PSE	<u>52,044,937</u>
Total ineligible assets	<u>103,589,707</u>
Net liquid capital (NLC)	<u>199,000,676</u>
Less: Operational risk requirement	9,459,595
Position risk requirement	37,988,816
Counter party risk requirement	129,137
Large exposure risk requirement to single issuer and group of companies	<u>5,395,437</u>
Total risk capital requirement	<u>52,972,985</u>
Net RBCA margin (NLC - TRCR)	<u>146,027,691</u>
Liabilities	330,961,897
Less: Exclusions from aggregate indebtedness	
Subordinated liability	-
Deferred tax liability	12,719,288
Others	-
Aggregate indebtedness (AI)	<u>318,242,609</u>
5% of Aggregate indebtedness	<u>15,912,130</u>
Required NLC (5% of AI or ₱5 million whichever is higher)	<u>15,912,130</u>
Net risk-based capital excess	<u>183,088,546</u>
Ratio of AI to NLC	<u>160%</u>
RBCA Ratio (NLC/TRCR)	<u>376%</u>

**F. YAP SECURITIES, INC.**

## COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS

PURSUANT TO SRC RULE 49.2 (UNDER ANNEX 49.2 - B)

December 31, 2025

(In Philippine Peso)

	Credits	Debits
Free credit balances and other balances in customer securities accounts:		
Unadjusted balance	294,265,981	
Additions:		
1. Bank Account Overdrafts/1	-	
2. Credit balances in customer omnibus accounts	-	
3. Any other customer credit balance not accounted for elsewhere (explain nature)		
Dividend Payable	140,619	
Accounts Payable-Others	605,601	
Deductions:		
1. Credit Balances in the accounts of non customers such as general partners and principal officers	(28,208,562)	
Customer Securities Failed to Receive (as Determined by Allocation or Specific Identification)		
Unadjusted Balance:		
Additions:		
1. The amount by which the market value by which fails to receive outstanding for more than 34 calendar days exceed their contract value/3		
2. Clearing Accounts with net credit balances attributable to customers transactions. (Clearing Corporations)	24,442,591	
3. Unsecured customer short positions which allocate to customer long positions/4		
4. Any other credit not accounted for elsewhere in the formula		
Adjusted balance	291,246,229	
Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection.		
Unadjusted balance		101,932,326
Additions		
Debit balance in customer omnibus accounts		-
Any other customer debit balance not accounted for elsewhere (explain nature)		
Deductions:		
Unsecured balances and accounts doubtful of collection		(24,312,565)
Debit balances in the accounts of non-customers such as general partners and principal officers		(2,082,283)
Reduction for partly secured cash accounts		(3,758)
Subtotal		75,533,720
Reduce Subtotal by 1%		(755,337)
Adjusted balance		74,778,383
Fails to deliver oc Customer Securities not older than 30 calendar days (as determined by allocation or specific identification)		
Unadjusted balance		-
Additions		
Clearing accounts with net debit balances attributable to customer transactions (Clearing Corporations)		6,299,563
Deductions:		
Securities which are in the firm's physical possession and control and in excess of the broker-dealer's possession and control requirements for three business days past settlement		-
Adjusted balance		6,299,563
Total	291,246,229	81,077,946
Net credit balance	210,168,282	
Required reserve (100% of net credit if making a weekly computation or 105% if making a monthly computation)		210,168,282
Special reserve account balance prior to computation		270,832,915
Less: Deposit required		210,168,282
Additional Deposit Required		-

**F. YAP SECURITIES, INC.**

INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS  
PURSUANT TO SRC RULE 49.2 (UNDER ANNEX 49.2 - A)  
Decemeber 31, 2025

1. Customers fully paid securities and excess margin securities not in the broker's or dealer's possession or control as of the December 31, 2016, for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frame specified under SRC Rule 49.2 (Annex 49.2 - A):

Market Valuation	<u>P</u>	<u>NIL</u>
Number of Items		<u>NIL</u>

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

Market Valuation	<u>P</u>	<u>NIL</u>
Number of Items		<u>NIL</u>

**F. YAP SECURITIES, INC.**

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF  
GENERAL CREDITORS**

December 31, 2025

(In Philippine Peso)

The Company has no liabilities subordinated to claims of general creditors in both periods.

**F. YAP SECURITIES, INC.**

A REPORT DESCRIBING ANY MATERIAL INADEQUACIES FOUND TO EXIST  
OR FOUND TO HAVE EXISTED SINCE THE DATE OF THE PREVIOUS AUDIT  
December 31, 2025

There were no matters involving the Company's internal control structure and its operations that were considered to be material weaknesses.

**F. YAP SECURITIES, INC.**

RESULTS OF MONTHLY SECURITIES COUNT CONDUCTED PURSUANT TO SRC  
RULE 52.1-10, AS AMENDED

December 31, 2025

There is no discrepancy in the results of the securities count conducted.

**F. YAP SECURITIES, INC.**  
**SCHEDULE VII - EXTERNAL AUDITOR FEE-RELATED INFORMATION**  
**DECEMBER 31, 2025 and 2024**

(In Philippine Peso)

	2025	2024
<b>Total Audit Fees (Section 2.1 a)</b>	<b>120,000</b>	114,400
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
<b>Total Non-audit Fees (Section 2.1 b)</b>	<b>-</b>	-
<b>TOTAL AUDIT AND NON-AUDIT FEES</b>	<b>120,000</b>	114,400

**Audit and Non-audit fees of other related entities (Section 2.1c)**

	2025	2024
Audit fees	<b>90,000</b>	108,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
<b>TOTAL AUDIT AND NON-AUDIT FEES OF OTHER RELATED ENTITIES</b>	<b>90,000</b>	108,000

*Section 2.1a: Disclose agreed fees (excluding out of pocket expenses and VAT) with the external auditor/audit firm and its network firms (as applicable) for the audit of the covered company's standalone and/or consolidated financial statements and the covered company's consolidated subsidiaries' financial statements on which the external auditor/audit firm expresses an opinion. These do not include fees for special purpose audit or review of financial statements.*

*external auditor/audit firm or a network firm (as applicable) for non-audit services to the covered company and*

*its related entities over which the covered company has direct or indirect control that are consolidated in the financial statements on which the external auditor/audit firm expresses an opinion. These include*

*Section 2.1c: Disclose fees for services (excluding out of pocket expenses and VAT) charged to any related entities of the covered company over which the covered company has direct or indirect control, which are not yet disclosed in (a) or (b), such as fees for services to any unconsolidated subsidiaries that meet the consolidation exemption criteria of Philippine Financial Reporting Standard (PFRS) 10 applicable to investment entities, if the external auditor/audit firm has reason to believe that these are relevant to the evaluation of the external auditor/audit firm's independence, as communicated by the external auditor/audit firm with the covered company's Those Charged with received by the external auditor/audit firm from the covered company represent, or are likely to represent, more than 15% of the total fees received by the external auditor/audit firm for two consecutive years and (b) the year that this situation first arose, as communicated by the external auditor/audit firm with the covered company's Those Charged with Governance or equivalent (e.g., Audit Committee).*

**F. YAP SECURITIES, INC.**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**  
December 31, 2025 and 2024

	2025	2024
<b>A. SHORT-TERM LIQUIDITY RATIO</b>		
CURRENT RATIO	1.64	2.62
<u>Current Assets</u>	<u>520,593,895</u>	<u>251,259,427</u>
<u>Current Liabilities</u>	<u>318,242,609</u>	<u>96,005,261</u>
WORKING CAPITAL TO ASSETS	0.33	0.40
<u>(Current Assets - Current Liabilities)</u>	<u>202,351,286</u>	<u>155,254,166</u>
<u>Total Assets</u>	<u>621,561,036</u>	<u>388,508,964</u>
<b>B. LONG-TERM SOLVENCY</b>		
ASSET TO EQUITY	2.09	1.34
<u>Total Assets</u>	<u>621,561,036</u>	<u>388,508,964</u>
<u>Shareholders' Equity</u>	<u>297,249,758</u>	<u>289,356,669</u>
DEBT TO EQUITY	1.09	0.34
<u>Total Liabilities</u>	<u>324,311,278</u>	<u>99,152,295</u>
<u>Shareholders' Equity</u>	<u>297,249,758</u>	<u>289,356,669</u>
LONG-TERM DEBT TO EQUITY	-	-
<u>Long-Term Debt</u>	<u>-</u>	<u>-</u>
<u>Shareholders' Equity</u>	<u>297,249,758</u>	<u>289,356,669</u>
FIXED ASSETS TO EQUITY	0.16	0.17
<u>(Fixed Assets - Accumulated Depreciation)</u>	<u>48,958,336</u>	<u>48,129,139</u>
<u>Shareholders' Equity</u>	<u>297,249,758</u>	<u>289,356,669</u>

**F. YAP SECURITIES, INC.**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

December 31, 2025 and 2024

CREDITORS EQUITY TO TOTAL ASSETS	<b>0.52</b>	0.26
<u>Total Liabilities</u>	<b>324,311,278</b>	99,152,295
<u>Total Assets</u>	<b>621,561,036</b>	388,508,964
FIXED ASSETS TO LONG-TERM DEBT	-	-
<u>(Fixed Assets - Accumulated Depreciation)</u>	<b>48,958,336</b>	48,129,139
<u>Long-Term Debt</u>	-	-
<b>C. RETURN ON INVESTMENTS</b>		
RATE OF RETURN ON TOTAL ASSETS	<b>0.01</b>	(0.00)
<u>Net Profit (Loss)</u>	<b>4,839,404</b>	(868,361)
<u>Average Total Assets</u>	<b>505,035,000</b>	386,913,361
RATE OF RETURN ON EQUITY	<b>0.02</b>	(0.00)
<u>Net Profit</u>	<b>4,839,404</b>	(868,361)
<u>Average Stockholders' Equity</u>	<b>293,303,214</b>	290,338,834
<b>D. PROFITABILITY RATIOS</b>		
GROSS PROFIT RATIO	<b>0.11</b>	1.07
<u>Gross Income</u>	<b>971,235</b>	6,462,483
<u>Commision Income</u>	<b>8,629,568</b>	6,062,076
OPERATING INCOME TO COMMISSION INCOME	<b>0.63</b>	0.50
<u>Income from Operations</u>	<b>5,459,221</b>	3,038,530
<u>Commission Income</u>	<b>8,629,568</b>	6,062,076

**F. YAP SECURITIES, INC.**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**  
December 31, 2025 and 2024

PRETAX INCOME TO COMMISSION INCOME	<b>0.63</b>	0.50
<u>Pretax Income</u>	<b>5,459,221</b>	3,038,530
<u>Commission Income</u>	<b>8,629,568</b>	6,062,076
NET INCOME TO COMMISSION INCOME	<b>0.56</b>	(0.14)
<u>Net income</u>	<b>4,839,404</b>	(868,361)
<u>Commission Income</u>	<b>8,629,568</b>	6,062,076
<b>E. INTEREST COVERAGE RATIO</b>		
INTEREST COVERAGE RATIO	<b>27.44</b>	4.71
<u>Net Income Before Interest and Tax</u>	<b>5,267,282</b>	2,506,708
<u>Interest Expense</u>	<b>191,939</b>	531,822