

H. E. BENNETT SECURITIES, INC.

FINANCIAL STATEMENTS
December 31, 2025 and 2024

and

Report of Independent Auditors

H.E. BENNETT SECURITIES, INC.

Trading Participant: PHILIPPINE STOCK EXCHANGE, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of H. E. BENNETT 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 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 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 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 shareholders.

PEREZ, SESE, VILLA & CO., the independent auditors appointed by the shareholders for the period ending December 31, 2025 and 2024, respectively has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the shareholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

Carmelita T. dela Peña

CARMELITA T. DELA PEÑA

Chairman of the Board

Joel T. Dela Peña
JOEL T. DELA PEÑA
President

Myrna T. Gutierrez
MYRNA T. GUTIERREZ
Treasurer

Signed this 14th day of April 2026.

SUBSCRIBED AND SWORN to before me, a Notary Public for and in the Philippines, this MAY 12 2026, affiants who are personally known to me and whose identity I have confirmed through their competent evidence of identity bearing the affiants photograph and signature.

NAMES

COMPETENT
EVIDENCE OF IDENTITY

DATE AND PLACE ISSUED

Doc. No. 79
Page No. 16
Book No. 227
Series of 1704/18

Antonio C. Casangkapan
Atty. ANTONIO C. CASANGKAPAN
NOTARY PUBLIC

FOR THE CITY OF MANILA UNTIL DEC. 31, 2027

World Trade Exchange Bldg. 205, 206, 1000 St., Binondo, Manila
Tel. Nos.: 8241-6458, 8241-5828, 8241-0825, 099

IBP NO. 554723 UNTIL DEC. 31, 2026

PTR NO. 0373153 UNTIL DEC. 31, 2026

MCLE NO. VIII-0029703 UNTIL APR. 14, 2028

ADD: 101 Dasmariñas St., Binondo Manila



SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders
H. E. BENNETT SECURITIES, INC.
Unit 1704 World Trade Exchange
Building, 215 Juan Luna St.
Binondo, Manila

We have audited the financial statements of **H. E. BENNETT SECURITIES, INC.** (the Company) for the year ended December 31, 2025, on which we have rendered the attached report dated April 14, 2026.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Company has a total number of eight (8) shareholders owning one hundred (100) or more shares each of the Company's Capital stock as of December 31, 2025, as disclosed in Note 20 of the Financial Statements.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
MANAGING PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

PTR No. 0368867, Issued on January 08, 2026, Manila

SEC Accreditation No.

Partner - 0054588-SEC Group B, Issued on December 01, 2022.

valid for five (5) years covering the audit from 2022 to 2026 Financial Statements

Firm - 0222-SEC Group B, Issued on December 01, 2022

valid for five (5) years covering the audit from 2022 to 2026 Financial Statements

IC Accreditation No.

Partner - IC-EA-2025-0041-R Group B, Issued on January 19, 2026

valid for three (3) years covering the audit from 2025 to 2027 Financial Statements

BOA/PRC Accreditation No. 0222, Issued on September 13, 2023

valid until October 12, 2026

BIR Accreditation No. 06-002735-001-2024, Issued on April 12, 2024

valid for three (3) years until April 11, 2027

Manila, Philippines
April 14, 2026




REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

To the Board of Directors and Shareholders
H. E. BENNETT SECURITIES, INC.
Unit 1704 World Trade Exchange
Building, 215 Juan Luna St.
Binondo, Manila

We have audited the financial statements of **H. E. BENNETT SECURITIES, INC.** (the Company) as at and for the year ended December 31, 2025 in accordance with Philippine Standards on Auditing on which we have rendered an unqualified opinion dated April 14, 2026. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules I to VIII, as required by the Securities and Exchange Commission under the Revised Securities Regulation Code Rule 68, are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information are the responsibility of management and have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
MANAGING PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

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Manila, Philippines
April 14, 2026



REPORT OF INDEPENDENT AUDITORS

**To the Board of Directors and Shareholders
H. E. BENNETT SECURITIES, INC.**

Unit 1704 World Trade Exchange
Building, 215 Juan Luna St.
Binondo, Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **H. E. BENNETT 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 material accounting policy 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 audit 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 audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 either intends to liquidate the Company or 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 Audit of the Financial Statements

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on 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 for the year ended December 31, 2025 required by the Bureau of Internal Revenue as disclosed in Note 31 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY:  **MA. ALMA C. SESE**
MANAGING PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

PTR No. 0368867, Issued on January 08, 2026, Manila

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valid for three (3) years until April 11, 2027

Manila, Philippines
April 14, 2026

H.E BENNETT SECURITIES, INC.

STATEMENTS OF COMPREHENSIVE INCOME For the Years Ended December 31, 2025 and 2024

	<i>Notes</i>	2025	2024
INCOME			
Commission revenue	4,21	P 1,881,974	P 2,223,065
Dividend income	4,5,7,13	3,059,168	3,459,137
Gain on financial assets at FVTPL, net	4,5,7	2,924,849	473,698
Unrealized gain (loss) on financial assets at FVTPL, net	4,5,7	46,703	(7,905,765)
Total Income (loss)		7,912,694	(1,749,865)
DIRECT COSTS	4,22	(3,524,756)	(3,605,837)
GROSS INCOME (LOSS)		4,387,938	(5,355,702)
OPERATING EXPENSES	4,23	(3,986,195)	(3,145,953)
INCOME (LOSS) FROM OPERATION		401,743	(8,501,655)
OTHER INCOME	4,24	2,926,409	2,709,500
NET INCOME (LOSS) BEFORE INCOME TAX		3,328,152	(5,792,155)
INCOME TAX (EXPENSE) BENEFITS	4,5,26		
Current		(53,311)	(13,278)
Deferred		(1,261,457)	2,587,584
		(1,314,768)	2,574,306
NET INCOME (LOSS) FOR THE YEAR		2,013,384	(3,217,849)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss			
Fair value income (loss) on OCI		9,737,280	(1,361,200)
Tax effect		(2,434,320)	340,300
Reclassified to retained earnings		(200,000)	-
Tax effect		50,000	
		7,152,960	(1,020,900)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		P 9,166,344	P (4,238,749)

(See accompanying Notes to Financial Statements)

H.E BENNETT SECURITIES, INC.

STATEMENTS OF CHANGES IN EQUITY For the Years Ended December 31, 2025 and 2024

	<i>Notes</i>	2025	2024
SHARE CAPITAL	4,20		
Balance at beginning of the year		₱ 41,250,000	₱ 41,250,000
Appropriation for the year per SRC Rule 49.1		-	-
Balance at end of the year		41,250,000	41,250,000
EQUITY RESERVES	4,20		
Balance at beginning of the year		26,958,050	27,978,950
Other comprehensive income (loss) for the year		7,152,960	(1,020,900)
Balance at end of the year		34,111,010	26,958,050
RETAINED EARNINGS	4,20		
Unappropriated			
Balance at beginning of the year		16,573,770	19,791,619
Net income (loss) for the year		2,013,384	(3,217,849)
Reclassified from equity reserve		200,000	-
Appropriation for the year per SRC Rule 49.1		(711,155)	-
Balance at end of the year		18,075,999	16,573,770
Appropriated			
Balance at beginning of the year		9,485,620	9,485,620
Appropriation for the year per SRC Rule 49.1		711,155	-
Balance at end of the year		10,196,775	9,485,620
Total Retained Earnings		28,272,774	26,059,390
TOTAL EQUITY		₱ 103,633,784	₱ 94,267,440

(See accompanying Notes to Financial Statements)

H.E BENNETT SECURITIES, INC.

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2025 and 2024

	<i>Notes</i>	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) before tax		P 3,328,152	P (5,792,155)
Adjustment to reconcile net loss to net cash provided by operating activities:			
Depreciation	4,5,14	711,765	651,075
Unrealized (gain) loss on FVTPL	4,5,7	(46,703)	7,905,765
Dividend revenue	4,5,7,13	(3,059,168)	(3,459,137)
Gain on sale of club share	4,5,13	(200,000)	
Interest income	4,24	(1,116,816)	(1,136,518)
Operating loss before changes in working capital		(382,770)	(1,830,970)
Decrease (Increase) in:			
Financial asset at fair value through profit or loss	4,5,7	8,115,805	(34,982)
Receivables from customers	4,5,8	6,824,980	(5,486,936)
Receivables from clearing house	4,5,9	(1,315,101)	14,812,432
Other receivables	4,5,10	(53,620)	(758)
Short-term investments	4,5,11	(885,062)	(2,546,515)
Prepayments and other current assets	4,5,12	1,136,006	(1,143,801)
Increase (Decrease) in:			
Payable to customers	4,5,17	2,822,566	(16,498,456)
Payable to clearing house	4,5,9	(2,522,760)	2,522,760
Other payables	4,5,18	557,221	(367,684)
Other current liabilities	4,5,19	50,281	24,272
Cash generated from (used in) operations		14,347,546	(10,550,638)
Income tax paid	4,5,26	(53,311)	(13,278)
Interest received	4,24	1,116,816	1,136,518
Dividend received	4,5,7,13	3,059,168	3,459,137
Net cash provided by (used) in operating activities		18,470,219	(5,968,261)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	4,5,14	(2,016,344)	(40,625)
Proceeds from sale of club share	4,5,13	500,000	-
Payment of refundable deposit	4,5,16	(115,033)	(19,024)
Net cash used in investing activities		(1,631,377)	(59,649)
NET INCREASE (DECREASE) IN CASH		16,838,842	(6,027,910)
CASH AT THE BEGINNING OF THE YEAR		12,902,935	18,930,845
CASH AT THE END OF THE YEAR		P 29,741,777	P 12,902,935

(See accompanying Notes to Financial Statements)

H. E. BENNETT SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 - GENERAL INFORMATION

H.E BENNETT SECURITIES, INC. (the Company) is a corporation registered with the Philippine Securities and Exchange Commission under registration number 11165 dated May 10, 1956. The Company is established primarily to engage in and to carry on the business of dealing, purchasing or otherwise acquiring, owning, holding, managing, using or obtaining an interest, alone or in conjunction with any person natural juridical, domestic or foreign, in all kinds or securities, including but not limited to, shares of stock, bonds, debentures, warrants, notes and other debt securities.

The Company's registered address, which is also its principal place of business is located Unit 1704 World Trade Exchange Building, 215 Juan Luna St. Binondo, Manila.

Approval of the Financial Statement

The financial statements of the Company for the year ended December 31, 2025 including its comparative figures as at December 31 2024, were approved and authorized for issue by the Board of Directors (BOD) on April 14, 2026.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Presentation and Measurement

The Company has prepared the financial statements as at and for the year ended. December 31, 2025 and 2024 on a going concern basis, which assumes continuity of current business activities and the realization of assets and settlements of liabilities in the ordinary course of business.

The financial statements are presented in Philippine Peso (₱) the currency of the primary economic environment in which the Company operates. All amounts are rounded to the nearest peso.

The financial statements of the Company have been prepared on a historical cost basis, except for financial asset at fair value through profit or loss and financial asset at fair value through other comprehensive income. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring liability.

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

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

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

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

When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified valuers) using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Further information about assumptions made in measuring fair values is included in the following:

- Note 5 - Significant Accounting Judgments and Estimates
- Note 30 - Fair Value Measurement

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety; which are described as follows:

- 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).

Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Company adopted all applicable accounting standards and interpretations as at December 31, 2025. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the Financial and Sustainability Reporting Standards Council (FSRSC) in the Philippines, that were assessed by the Management to be applicable to the Company's financial statements are as follows:

Adoption of Amended Standards Effective Beginning on or after January 1, 2025:

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended Standards which the Company adopted effective for annual periods beginning January 1, 2025.

Unless otherwise indicated, the adoption of the new and amended standards did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

New and Amended PFRS and PIC Issuances in Issue but Not Yet Effective or Adopted

Unless otherwise indicated the Company does not expect that the future adoption of the said pronouncements to have a significant impact on the financial statements. The Company intends to adopt the following pronouncements when they become effective;

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

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

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise

qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

- Annual Improvements to PFRS Accounting Standards—Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

- Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Based on management assessment, this is not expected to have material impact on the *financial statements of the Company*.

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

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

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

Based on preliminary assessment, the management believes that the adoption of PFRS 18 will not affect total profit or equity of the Company. However, the adoption may affect the subtotals and performance measures presented in the statement of comprehensive income. The Company is continuously evaluating the full impact of this new standard on its financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS Accounting Standards.

In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

The application of the standard is optional for eligible entities.

Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FSRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes 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.

Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the company financial statements in the year of adoption, if applicable.

NOTE 4 - MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies that have been used in the preparation of these financial statements are summarized below. These accounting policies information are considered material because of its amounts, nature and related amounts. These are material in understanding material information in the financial statement. These policies have been consistently applied to all the years presented, unless otherwise stated.

Financial Assets and Liabilities

Date of recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a

financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVTPL, includes transaction costs.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss.

In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVTPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either (a) financial liabilities at FVTPL or (b) financial liabilities at amortized cost. The classification of a financial instruments largely depends on the Company’s business model and its contractual cash flow characteristics.

As at December 31, 2025 and 2024, the company had financial assets at FVTPL, financial asset at fair values through other comprehensive income (FVOCI), financial asset and liabilities at amortized cost and no financial liability at FVTPL.

Financial Assets at FVTPL

Financial assets at FVTPL are either classified as held for trading or designated at FVTPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not “solely for payment of principal and interest” assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVTPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVTPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVTPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at December 31, 2025 and 2024, the Company's financial assets or liabilities classified as FVTPL are presented in Note 7.

Financial Assets at Amortized Cost

Financial assets 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statements of income when the financial assets are derecognized, modified or impaired. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Company's cash, receivable from customers, receivable from clearing house, other receivables and refundable deposits are classified under this category. (Note 6, 8, 9, 10, and 16)

Cash

Cash in banks are demand deposits with banks and earn interest at prevailing bank deposit rates. Meanwhile, cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value and which have a maturity of three (3) months or less at acquisition.

Receivables

Receivables are initially recognized when the Company becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or origination of the financial asset, except for financial assets measured at fair value through profit or loss.

For receivables arising from the sale of securities, the asset is recognized on the trade date, which is the date the Company commits to sell the securities.

Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

The Company applies the Expected Credit Loss (ECL) model in accordance with PFRS 9 – Financial Instruments in assessing impairment of receivables.

Under this model, the Company recognizes an allowance for expected credit losses based on the probability of default and expected recoveries over the life of the financial asset.

In measuring expected credit losses, the Company considers:

- historical credit loss experience.
- current economic conditions; and
- forward-looking information that may affect the collectability of the receivables.

Receivables from clearing house arising from securities transactions are generally considered to have low credit risk due to the regulated settlement system of the securities market. Accordingly, expected credit losses recognized on these balances are typically minimal.

Receivables are derecognized when the contractual rights to receive cash flows from the financial asset have expired, or when the Company has transferred substantially all the risks and rewards of ownership of the financial asset.

Short-term Investments

Short-term investments represent placements in financial institutions with maturities ranging from 30 to 91 days, which are automatically rolled over upon maturity.

These investments are not classified as cash equivalents as they are held for investment purposes rather than to meet short-term cash commitments.

The investments are measured at amortized cost, as these are held within a business model whose objective is to collect contractual cash flows, and the cash flows represent solely payments of principal and interest.

Interest income earned from these investments is recognized in profit or loss as part of finance income.

Prepayments and Other Current Assets

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments are recognized when paid and stated at cost less any utilized portion. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in the statements of comprehensive income when incurred.

Prepaid income tax from Creditable Withholding Taxes (CWTs) CWTs represent amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source to the rules on Philippine income taxation.

Prepayments and other current assets that are expected to be realized for not more than 12 months after the end of the reporting period are classified as current assets; otherwise, these are classified as other noncurrent assets.

At each reporting date, prepayments and other current assets are assessed for impairment. If impaired, the carrying amount is reduced to its carrying amount; the impairment loss is recognized immediately in statements of comprehensive income.

Prepayments and other current assets are derecognized when they have no future benefit is expected from it. Any gain or loss on derecognition of prepayment and other assets is recognized in the statements of comprehensive income in the year in which it arises.

Financial Assets at FVOCI.

For debt instruments that meet the contractual cash flow characteristic and are not designated at FVTPL under the fair value option, the financial assets shall be measured at FVOCI 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 selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI as long as these are not held for trading purposes.

After initial recognition, Financial assets at FVOCI are presented in the financial statements at fair value with changes in fair value are recognized in Other Comprehensive Income (OCI).

Interest income on debt instruments is calculated using the effective interest method while credit losses on debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established. Cumulative changes in fair value of FVOCI equity instruments are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2025 and 2024, the Company's financial assets classified as FVOCI are presented in Note 13.

Financial liabilities

Classification and presentation

The Company classifies its financial liabilities in the following categories: (i) at amortized cost; and (ii) at fair value through profit or loss.

The Company did not hold any financial liabilities under category (ii) during and at the end of each reporting period.

Financial Liabilities at Amortized Cost

Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Financial liabilities are recognized in the statement of financial position when, and only when the Company becomes a party to the contract provisions of the instrument.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2025 and 2024, the Company's payable to customers, payable to clearing house and other payables are classified under this category. (Note 17, 9 and 18).

Payables

Payables are recognized when the Company becomes a party to the contractual provision that gives rise to the receivable of another entity. Trade and other payables are recognized initially at the transaction price and are subsequently measured at amortized cost. For short-term, non-interest-bearing payables, the carrying amount approximates the amount payable due to the short-term nature of these liabilities. They are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the suppliers.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVTPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in Other Comprehensive Income (OCI).

For a financial asset reclassified out of the financial assets at FVTPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI shall be recognized in profit or loss.

For a financial asset reclassified out of the financial assets at FVTPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVTPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Receivables from and Payables to Clearing House

Receivables from and payables to the clearing house represent amounts arising from securities trading transactions executed by the Company on behalf of its customers and processed through a clearing facility, which remains unsettled as at the reporting date.

These balances are recognized when the Company becomes a party to the contractual provisions of the transaction and are initially measured at fair value, which is normally the transaction price.

Receivables from the clearing house are subsequently measured at amortized cost using the effective interest method, while payables to the clearing house are measured at amortized cost.

Given that these balances are typically settled within a short period (e.g., T+2) in accordance with market practices, their carrying amounts approximate fair value and are measured at their undiscounted amounts, as the effect of discounting is not material.

Receivables from the clearing house are subject to impairment using the expected credit loss (ECL) model. Due to the nature of the clearing house as a central counterparty, the credit risk is considered low.

Impairment of Financial Assets

The Company records an allowance for “expected credit loss” (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate.

For receivables from customers, the Company has applied the provision of SRC Rule 52.1.11 and Risk Based Capital Adequacy. The Company’s Credit Losses was computed based on the classification, credit loss rate and basis specified in SRC Rule No. 52.1.11. In 2023, section 52.1.11.2 and 52.1.11.3 was amended through SEC Memorandum Circular No. 11, Series of 2023.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For receivables from customers, the Company has applied the provision of SRC Rule 52.1.11 and Risk Based Capital Adequacy. The Company’s Credit Losses was computed based on the classification, credit loss rate and basis specified in SRC Rule No. 52.1.11. In 2023, section 52.1.11.2 and 52.1.11.3 was amended through SEC Memorandum Circular No. 11, Series of 2023.

Derecognition of Financial Assets and Liabilities

Financial Assets

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

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay

Financial Liabilities

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount 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 intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statements of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their costs and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Intangible Assets

Intangible asset represents trading rights and purchased computer software.

Computer software is amortized over its estimated useful life of five (5) years using the straight-line method. If there is an indication that there has been a significant change in the useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

Trading right is not amortized but reviewed each year to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. The Company tests the asset for impairment by comparing its carrying amount with its recoverable amount, and recognizing any excess of the carrying amount over the recoverable amount as an impairment loss.

When intangible assets are sold, retired or otherwise disposed of, their cost and related accumulated amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period

Deferred Tax Assets

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax losses, and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward benefits can be utilized.

Deferred tax assets are measured at the tax rates that are expected to apply to the period when the asset is realized, based on tax laws that have been enacted or substantively enacted as at the reporting date.

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

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

Refundable Deposits

Refundable deposits represent amounts paid to Clearing and Trade Guarantee Fund (CTGF) maintained by Securities Clearing Corporation of the Philippines (SCCP), as security for the performance of contractual obligations.

These deposits are initially recognized at the transaction price. Subsequently, refundable deposits are measured at amortized cost, less any impairment, if applicable.

Refundable deposits are classified as non-current assets unless they are expected to be recovered within twelve (12) months from the reporting date, in which case they are presented as current assets.

The Company assesses at each reporting date whether there is objective evidence of impairment. If such evidence exists, an impairment loss is recognized in profit or loss.

Impairment of Non-Financial Assets

At each reporting date, the carrying amount of the Company's non-financial assets are reviewed to determine whether there is any indication of impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss

Any impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its net recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets of the Company. Impairment losses are recognized in profit or loss in the period incurred.

The net recoverable amount of an asset is the greater of its value in use or its fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less costs of disposal. In assessing

value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

Other Current Liabilities

Other current liabilities consist of withholding taxes, and statutory payables. These liabilities are recognized when the related obligation arises, such as upon occurrence of taxable transactions, incurrence of expenses, or recognition of payroll and statutory contributions. These are subsequently measured at the undiscounted amount expected to be paid to the relevant authorities, as these are short-term in nature and the effect of discounting is immaterial.

These are classified as current liabilities as they are expected to be settled within twelve (12) months from the reporting date and are derecognized upon payment or settlement of the obligation.

Share Capital

Share capital represents the total par value of the ordinary shares issued.

Equity instruments are measured at the fair value of the cash or other consideration received or receivable, net of the direct costs of issuing the equity instruments.

The difference between the consideration received and the par value of the shares issued is credited to share premium.

Retained Earnings

Retained earnings comprise the accumulated profits and losses of the Company recognized in profit or loss in the current and prior years, less dividends declared to shareholders. Retained earnings are likewise adjusted for the effects of retrospective application of changes in accounting policies and corrections of prior period errors.

Appropriated Retained Earnings

Appropriated retained earnings pertains to the restricted portion which is intended for the resource fund. Unappropriated retained earnings represent the portion which can be declared as dividends to shareholders.

Deficit

Deficit represents accumulated losses incurred by the Company. Deficit may also include effects of correction of prior years' errors and changes in accounting policy as may be required by the standards transitional provisions.

Other Comprehensive Income (OCI)

Other components of equity comprise of items of income and expense that are not recognized in profit or loss for the year. Other comprehensive income pertains to cumulative remeasurement gains (losses) on net retirement asset or liability.

Revenue

Revenue recognition

Revenue with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as agent in its brokerage transactions. The Company acts as a principal in its income from other sources.

Commission

Commissions on brokerage transactions are recorded on a trade date basis as trade transactions occur.

Other Income

Income from other sources is recognized when earned during the period.

The following specific recognition criteria must also be met for other revenues outside the scope of PFRS:

Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, provided that it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably.

Trading Gains or Losses on Financial Assets at FVTPL

Trading gains or losses on financial assets Palat FVTPL include all gains and losses from changes in fair value and disposal of financial assets at FVTPL. Unrealized gains or losses are recognized in profit or loss upon remeasurement of the financial assets at FVTPL at each reporting date. Gains or losses from sale of financial assets at FVTPL. are recognized in profit or loss upon confirmation of trade deals.

Interest income

Interest income comprises interest income on bank deposits. Interest income is recognized in profit and loss as it accrues, using the effective interest method.

Expenses

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are generally recognized on an accrual basis, that is, in the period in which they are incurred, regardless of when payment is made.

The Company classifies its expenses into operating expenses and administrative expenses based on the nature and purpose of the costs incurred.

Direct Costs

Direct costs represent costs directly related to the Company's core brokerage and securities trading activities. These expenses are necessary to facilitate the execution, clearing, and settlement of securities transactions and to maintain the Company's trading operations.

Operating Expenses

Operating expenses represent costs incurred in managing and supporting the overall operations of the Company but are not directly attributable to trading or brokerage activities.

Finance Costs

Finance costs, including interest expenses on borrowings, if any, are recognized in profit or loss using the effective interest method.

Finance costs consist of interest and other costs incurred by the Company in connection with the borrowing of funds. Finance costs are recognized as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction, or production of a qualifying asset, in which case such borrowing costs are capitalized as part of the cost of the asset.

Capitalization of borrowing costs commences when expenditures for the assets are being incurred, borrowing costs are being incurred, and activities necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Income Tax

Income tax expense includes current tax expense and deferred tax expense.

Current Tax. Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that

taxable income will be available against which the deductible temporary differences and carryforwards of unused MCIT and NOLCO can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

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

Employee Benefits

Short-term benefits

Short-term benefits given by the Company to its employees include salaries and wages, compensated absences, 13th month pay, employer share contributions and other de minimis benefits, among others.

These are recognized as expenses in the period the employees render services to the Company.

Retirement Benefits

The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was obtained during the year because the amount of provision for retirement benefits will not materially affect the fair presentation of the financial statements considering that the Company has only eight (8) employees.

Related Party Transactions and Relationships

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless whether a price is charged. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the investee that gives them significant influence over the Company and close members of the family of any such individual; and (d) the Company's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Foreign Currency Transaction

Foreign currency transactions are initially recognized using the spot rate of exchange at the date of the transaction. Monetary assets and liabilities that are denominated in foreign currency are translated into the functional currency using the closing rate as of the reporting date. Gains and losses arising from foreign currency transactions and remeasurement of monetary assets and liabilities are recognized immediately in profit and loss.

Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including risks and uncertainties associated with the present obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Contingent assets and liabilities are not recognized in the financial statements, but are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to statements of financial position when an inflow of economic benefits is probable.

Changes in accounting policies, change in accounting estimates and correction of prior period errors

The Company applies changes in accounting policy if the change is required by the accounting standards or in order to provide reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial statements. Changes in accounting policy brought about by new accounting standards are accounted for in accordance with the specific transitional provision of the standards. All other changes in accounting policy are accounted for retrospectively.

Changes in accounting estimates is recognized prospectively by reflecting it in the profit and loss in the period of the change if the change affects that period only or the period of the change and future periods if the change affects both.

Prior period errors are omissions from, and misstatements in, the Company's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorized for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

To the extent practicable, the Company corrects a material prior period error retrospectively in the first financial statements authorized for issue after its discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the Company restates the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Subsequent events

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgements and accounting estimates and assumptions used in the financial statements are based upon management evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

Judgment

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

Classification of financial assets at fair value through profit or loss (FVTPL)

The Company applies judgment in classifying its financial assets at fair value through profit or loss (FVTPL). As a security broker, the Company manages its financial assets on a fair value basis and holds these instruments primarily for trading purposes. Accordingly, such financial assets are classified at FVTPL in accordance with PFRS 9.

Management also exercises judgment in determining whether transactions are part of trading activities or held for other purposes, and whether the contractual cash flow characteristics of financial assets meet the solely payments of principal and interest (SPPI) criterion. Financial assets that fail the SPPI test or are managed on a fair value basis are classified at FVTPL.

Day 1 Profit Recognition

The Company applies judgment in determining whether the transaction price at initial recognition represents fair value. Where fair value is determined using valuation techniques with unobservable inputs, any difference between the transaction price and the fair value ("Day 1 gain or loss") is deferred and recognized in profit or loss only when the inputs become observable or when the instrument is derecognized.

Assessment of Impairment of Nonfinancial Assets

The Company determines whether there are indicators of impairment of the Company's non-financial assets. Indicators of impairment include significant change in usage, decline in the asset's fair value or underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could be used by management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

No impairment loss of nonfinancial assets was recognized in the Company's financial statements in either 2025 or 2024.

Determining the appropriate actuarial assumptions used in measuring the defined benefit obligation.

The Company applies judgment in determining the appropriate actuarial assumptions used in measuring the defined benefit obligation. This includes the selection of the discount rate, which is determined by reference to the yields of high-quality corporate bonds or, in the absence of a deep market, government bonds with maturities approximating the term of the obligation.

Judgment is also applied in assessing whether the actuarial assumptions used are reasonable and consistent with current market conditions and the Company's experience.

Estimates

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

Estimation of Allowance for Credit Losses

The measurement of the allowance for Credit Losses on financial assets at amortized cost and at FVOCI (debt instruments) is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring Credit Losses is further detailed in Note 28.

Fair Value Measurement for Financial Assets at FVTPL

The Company carries certain financial assets at fair value which requires judgment and extensive use of accounting estimates. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another financial instrument which is substantially the same or is calculated based on the expected cash flow of the underlying net base of the instrument or other more appropriated valuation techniques (Note 7).

The amount of changes in fair value would differ if the Company had utilized different valuation methods and assumptions. Any change in fair value of the financial assets and financial liabilities would affect profit. The fair value of derivative financial instruments that are not quoted in an active market is determined through valuation techniques using the net present value computation.

The carrying values of the Group's trading and investment securities and the amounts of fair value changes recognized on those financial assets are disclosed in (Note 7).

Estimating useful lives of property and equipment

The Company estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets and residual values are reviewed, and adjusted if appropriate, only if there is a significant change in the asset or how it is used.

The following estimated useful lives are used in depreciating the property and equipment:

<u>Particulars</u>	<u>Useful Lives</u>
Condominium	20 years
Furniture and Fixture and Equipment	5 years
Transportation Equipment	5 years

Determination of Realizable Amount of Deferred Tax Assets/Liabilities

The Company reviews its deferred tax assets/liabilities at the end of each reporting period and reduces the carrying amount 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/liabilities to be utilized. Management assessed that the deferred tax assets/liabilities recognized as at December 31, 2025 and 2024 will be fully utilized/will be due in the coming years. The carrying value of deferred tax assets/liabilities as of those dates is disclosed in Note 26.

NOTE 6 - CASH

This account consists of:

	<u>2025</u>	<u>2024</u>
Cash in banks	₱ 29,732,727	₱ 12,893,885
Cash on hand	9,050	9,050
	<u>₱ 29,741,777</u>	<u>₱ 12,902,935</u>

Cash in banks generally earns interest at rates based on daily bank deposit rates. These are unrestricted and available for use in the Company's operation except for the special reserve bank account with Banco De Oro.

Interest income recognized in the Statements Comprehensive Income amounted to ₱10,295 and ₱9,235 in 2025 and 2024, respectively (Note 24)

In compliance with Securities Regulation Code (SRC) Rule 49.2-1, the Company maintains a special reserve account with Banco de Oro for the exclusive benefit of its customers. The Company's reserve requirement is determined on SEC's prescribed computations. As of December 31, 2025, and 2024, the Company's reserve accounts are adequate to cover its reserve requirements.

NOTE 7 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of:

	2025	2024
Held for trading securities		
Equities in PHISIX	P 335,280	P 1,568,040
Equities outside PHISIX	18,767,522	25,603,864
	<u>P 19,102,802</u>	<u>P 27,171,904</u>

The movement in the financial assets at fair value through profit or loss is summarized below:

	2025	2024
Balance at beginning of year	P 27,171,904	P 35,042,687
Additions	170,412,134	113,477,982
Disposals	(178,527,939)	(113,443,000)
Fair value adjustments	46,703	(7,905,765)
Balance at end of year	<u>P 19,102,802</u>	<u>P 27,171,904</u>

Financial assets at FVTPL represents equity securities held for trading. Fair values are based on the quoted market price at the PSE as at December 31, 2025 and 2024 or on the last trading day of each year.

Dividend income on financial assets at FVTPL presented in the statements of comprehensive income amounted to P707,168 and P1,107,137 in 2025 and 2024, respectively.

The Company recognizes gain (loss) on sale of financial assets at FVTPL presented as part of gain (loss) on financial assets at FVTPL in the statements of comprehensive income amounting to gain of P2,924,849 in 2025 and gain of P473,698 in 2024.

The change in fair value of financial assets at fair value through profit or loss recognized and presented as part of gain or loss on financial assets at FVTPL in the statements of comprehensive income amounted to gain of P46,703 in 2025 and loss of P7,905,765 in 2024.

NOTE 8 - RECEIVABLE FROM CUSTOMERS

The security valuation of the debit balances of receivable from customers' accounts are presented below:

	2025		2024	
	Money Balance	Security Valuation-Long	Money Balance	Security Valuation-Long
Fully secured accounts:				
More than 250%	P 10,852	P 423,876	P 4,125,347	P 174,103,825
Between 200% to 250%	-	-	-	-
Between 150% to 200%	310,419	541,661	2,295,337	4,070,000
Between 100% to 150%	517,202	563,961	329,626	412,673
Less than 100%	323,516	197,726	366,847	186,733
	<u>1,161,989</u>	<u>1,727,224</u>	<u>7,117,157</u>	<u>178,773,231</u>
Partially secured accounts:				
Less than 100%	5,000	-	1,300,907	-
Unsecured accounts	<u>1,166,989</u>	<u>-</u>	<u>8,418,064</u>	<u>-</u>
Less: Allowance for credit losses (Note 29)	<u>(343,810)</u>	<u>-</u>	<u>(769,905)</u>	<u>-</u>
	<u>P 823,179</u>	<u>P 1,727,224</u>	<u>P 7,648,159</u>	<u>P 178,773,231</u>

Receivables from customers are due within two (2) business days after the consummation of the transactions.

Allowance for credit losses on trade and other receivables is computed using the formula provided by the SRC Rule No. 52.1.11 which forms part of the Risk-Based Capital Adequacy (RBCA) Report, see Note 31.

Movements in the allowance for credit losses follows:

	<u>2025</u>	<u>2024</u>
Balance at January 1	P 769,905	P 439,000
Credit losses (Note 23)	-	330,905
Recovery (Note 24)	(426,095)	-
Balance, December 31	<u>P 343,810</u>	<u>P 769,905</u>

NOTE 9 - RECEIVABLES FROM/ PAYABLES TO CLEARING HOUSE

The net balance of this account as at December 31, 2025 and 2024 relates to the trading transactions made for the last two trading days which have not yet been cleared. The outstanding balance were net receivable from clearing house amounting to P1,315,101 in 2025 and payable to clearing house of P2,522,760 in 2024.

NOTE 10 - OTHER RECEIVABLES

Other receivables pertain to advances to employees amounting to P455,811 and P402,191, in 2025 and 2024, respectively. These are deductible from employee's salary in the succeeding period.

NOTE 11 - SHORT-TERM INVESTMENT

Short-term investments consist of unit investment trust funds (UITF) maintained with local banks. These investments are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The carrying amounts of short-term investments as at December 31 are as follows:

- 2025: Php 25,082,342
- 2024: Php 24,197,280

These investments are classified as financial assets at fair value through profit or loss (FVTPL) in accordance with PFRS 9, as they are managed and evaluated on a fair value basis.

Changes in fair value, including interest income earned, are recognized in profit or loss under "Other Income" (Note 24).

Movement in Short-Term Investments

The reconciliation of the carrying amounts of short-term investments is as follows:

	<u>2025</u>	<u>2024</u>
Balance at January 1	P 24,197,280	P 21,650,765
Addition	2,000,000	16,482,000
Redemption	(2,221,458)	(15,062,768)
Interest income (Note 24)	1,106,520	1,127,283
Balance, December 31	<u>P 25,082,342</u>	<u>P 24,197,280</u>

NOTE 12 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	<u>2025</u>	<u>2024</u>
Prepayments	P 95,589	P 120,013
Prepaid income tax (Note 26)	271,775	256,880
Advances to contractors	-	1,126,476
	<u>P 367,364</u>	<u>P 1,503,369</u>

Prepayment represents taxes and licenses and bonds paid in advance which will be expensed in the next accounting period.

Prepaid income tax pertains to excess tax credit which can be claim against Company's income tax liability.

Advances to contractors represents advance payment for the construction and renovation of the Company's condominium.

NOTE 13 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This account consists of:

	<u>2025</u>	<u>2024</u>
PSE shares	P 48,310,080	P 38,572,800
Investment in Club Shares	220,000	520,000
	<u>P 48,530,080</u>	<u>P 39,092,800</u>

The movement in the financial assets at fair value through other comprehensive income is summarized below:

2025

	<u>PSE shares</u>	<u>Amount</u>	<u>Club Shares</u>	<u>Amount</u>	<u>Total</u>
Balance at beginning of year	235,200	P 38,572,800	3	P 520,000	P 39,092,800
Additions	-	-	-	-	-
Disposals	-	-	(1)	(300,000)	(300,000)
Fair value adjustments	-	9,737,280	-	-	9,737,280
Balance at end of year	<u>235,200</u>	<u>P 48,310,080</u>	<u>2</u>	<u>P 220,000</u>	<u>P 48,530,080</u>

2024

	PSE shares	Amount	Club Shares	Amount	Total
Balance at beginning of year	235,200	₱ 39,984,000	3	₱ 470,000	₱ 40,454,000
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Fair value adjustments	-	(1,411,200)	-	50,000	(1,361,200)
Balance at end of year	235,200	₱ 38,572,800	3	₱ 520,000	₱ 39,092,800

The Company has 235,200 PSE shares in 2025 and 2024, respectively. The fair market value of PSE shares is quoted at ₱205.40 and ₱164 per share as at December 31, 2025 and 2024, respectively. Fair values of these securities at FVOCI have been determined based on quoted prices in active market.

Dividend income were recognized in the statements of comprehensive income amounted to ₱2,352,000 in both 2025 and 2024.

Dividend Income received from financial asset at FVTPL and FVOCI are summarized below:

	2025	2024
Financial assets at FVOCI	₱ 2,352,000	₱ 2,352,000
Financial assets at FVTPL (Note 7)	707,168	1,107,137
	₱ 3,059,168	₱ 3,459,137

In 2025, the Company sold a club share classified as an FVOCI equity instrument for ₱500,000. The investment had a carrying amount of ₱300,000, resulting in a gain of ₱200,000 recognized in profit or loss. The cumulative unrealized gain of ₱200,000 previously recognized in OCI was reclassified directly to retained earnings upon disposal.

NOTE 14 - PROPERTY AND EQUIPMENT, net

A reconciliation in the carrying amounts at the beginning and end of 2025 and 2024, of property and equipment is shown below:

2025

	Condominium	Transportation Equipment	Furniture, Fixture and Equipment	Lease hold Improvement	Total
Costs					
January 01, 2025	₱ 12,410,209	₱ 4,614,073	₱ 3,416,862	₱ -	₱ 20,441,144
Additions	-	-	4,779	2,011,565	2,016,344
Disposals	-	-	-	-	-
December 31, 2025	12,410,209	4,614,073	3,421,641	2,011,565	22,457,488
Accumulated depreciation					
January 01, 2025	4,135,769	4,614,073	3,296,364	-	12,046,206
Depreciation expense	569,176	-	42,011	100,578	711,765
Disposals	-	-	-	-	-
December 31, 2025	4,704,945	4,614,073	3,338,375	100,578	12,757,971
Carrying amount					
December 31, 2025	₱ 7,705,264	₱ -	₱ 83,266	₱ 1,910,987	₱ 9,699,517
Carrying amount					
December 31, 2024	₱ 8,274,440	₱ -	₱ 120,497	₱ -	₱ 8,394,939

2024

	Condominium	Transportation Equipment	Furniture, Fixture and Equipment	Total
Costs				
January 01, 2024	P 12,410,209	P 4,614,073	P 3,376,237	P 20,400,520
Additions	-	-	40,625	40,625
Disposals	-	-	-	-
December 31, 2024	<u>12,410,209</u>	<u>4,614,073</u>	<u>3,416,862</u>	<u>20,441,145</u>
Accumulated depreciation				
January 01, 2024	3,514,850	4,614,073	3,266,209	11,395,131
Depreciation expense	620,919	-	30,156	651,075
Disposals	-	-	-	-
December 31, 2024	<u>4,135,769</u>	<u>4,614,073</u>	<u>3,296,365</u>	<u>12,046,206</u>
Carrying amount				
December 31, 2024	<u>P 8,274,440</u>	<u>P -</u>	<u>P 120,497</u>	<u>P 8,394,939</u>
Carrying amount				
December 31, 2023	<u>P 8,895,359</u>	<u>P -</u>	<u>P 110,028</u>	<u>P 9,005,388</u>

As of December 31, 2025, and 2024, management believes that there is no impairment loss on its property and equipment.

The amount of depreciation is presented in the statements of comprehensive income under the operating expenses (Note 23).

The Company has not entered into any contractual commitment for the acquisition of property and equipment in 2025 and 2024.

None of the property and equipment were used as collateral on loans or any other liabilities.

NOTE 15 - INTANGIBLE ASSETS, net

This account consists of trading right amounting to P336,600 as of December 31, 2025 and 2024 and fully amortized computer software.

Trading right represents the Company's privilege in trading securities in the PSE floor. In compliance with Section 8, Article III of the Amended By Laws of the Exchange, the Company's trading right (previously the exchange membership seat) is pledged at its full value to the PSE to secure the payment of all debts due to the Exchange and to other trading participants of the exchange arising from out of or in connection with the present or future contracts relating to securities and in compliance with Section 7, Article II of the Rules Governing Trading Rights and Trading Participants, to secure the payment of all debts and claims due to the clients of the Company, the Government, the Exchange and other trading participant of the Exchange and to the Securities Clearing Corporation of the Philippines. Exchange trading right was acquired by the Company as a result of the PSE conversion plan to preserve the Company's access to the trading facilities and continue to transact business in the PSE.

The trading right is regarded as having an indefinite useful life when it was acquired because it is expected to generate net cash inflows indefinitely. Because it is regarded as having an indefinite useful life, the trading right would not be amortized but would be tested for impairment annually and whenever there is an indication that it may be impaired.

The carrying amount of trading rights presented as part of Intangible Assets in the Statements of Financial Position amounts to P336,600 as at December 31, 2025 and 2024. The last transacted price of the trading right in Philippine Pesos: Seven Million Seven Hundred Thousand

(₱7,700,000) dated September 17, 2025. Considering that the market value is significantly higher than the carrying amount, no impairment loss was recognized for this account.

The computer software is fully amortized in 2020 but still in use by the Accounting.

NOTE 16 - REFUNDABLE DEPOSITS

This account pertains Clearing and Trade Guaranty Fund (CTGF) amounting to ₱1,075,291 and ₱960,258 as of December 31, 2025 and 2024, respectively. This pertains to fund established, maintained by Securities Clearing Corporation of the Philippines (SCCP), for the purpose of covering failed trades due to member's illiquidity and/or insolvency. This is refundable upon cessation of the Company's business and/or termination of the Company's membership with SCCP.

NOTE 17 - PAYABLES TO CUSTOMERS

This account consists of Payable to Customers amounting to ₱28,184,281 and ₱25,361,715 as at December 31, 2025 and 2024, respectively.

The security values of the credit balance of customers' account follows:

	2025		2024	
	Credit Balance	Security Valuation-Long	Credit Balance	Security Valuation-Long
With money balance	₱ 28,184,281	₱ 326,147,797	₱ 25,361,715	₱ 331,119,734
Without money balance	-	596,252,255	-	518,507,128
	<u>₱ 28,184,281</u>	<u>₱ 922,400,052</u>	<u>₱ 25,361,715</u>	<u>₱ 849,626,862</u>

Payables to customers are non-interest bearing and are payable within two (2) business days after the consummation of the transactions.

NOTE 18 - OTHER PAYABLES

This account consists of:

	2025	2024
Dividend payable	₱ 2,178,492	₱ 1,627,049
PDTC and SCCP payable	17,072	23,902
Retention payable	225,358	-
Accrued expenses	44,536	257,286
	<u>₱ 2,465,458</u>	<u>₱ 1,908,237</u>

Dividend payables pertain to dividends received by the Company on behalf of its clients that has not been claimed or remitted to clients as of years end.

PDTC and SCCP payable pertain to transaction fees of buying and selling of stocks.

Retention payable pertain to the portion of contractor's progress billings withheld by the clients as security.

Accrued expenses represent accruals of incurred expenses on professional fees and utilities which has not been paid as of the reporting dates.

NOTE 19 - OTHER CURRENT LIABILITIES

This account consists of:

	<u>2025</u>	<u>2024</u>
Due to BIR	P 157,568	P 107,492
Statutory payable	55,494	55,289
	<u>P 213,062</u>	<u>P 162,781</u>

Due to BIR consists of obligations to Bureau of Internal Revenue such as final taxes, stock transaction taxes, withholding taxes and value added tax.

Statutory payable consists of statutory obligations to government agencies such as Social Security System, Philippine Health Insurance Corporation and Home Development Mutual Fund.

NOTE 20 - EQUITY

Capital Stock

The Company is authorized to issue Five Hundred Thousand (500,000) ordinary shares with par value of one hundred peso (P 100) per share.

As at December 31, 2025 and 2024, the Company's total subscribed, issued and outstanding capital stock is owned by nine (11) shareholders. Eight (8) shareholders owned one hundred (100) or more shares.

A reconciliation of the outstanding share capital at the beginning and end of 2025 and 2024 is shown below:

2025

	<u>Shares</u>	<u>Amount</u>
Outstanding 12/31/2024	412,500	P 41,250,000
Issuance	-	-
Reacquisition	-	-
Outstanding 12/31/2025	<u>412,500</u>	<u>P 41,250,000</u>

2024

	<u>Shares</u>	<u>Amount</u>
Outstanding 12/31/2023	412,500	P 41,250,000
Issuance	-	-
Reacquisition	-	-
Outstanding 12/31/2024	<u>412,500</u>	<u>P 41,250,000</u>

Minimum Capital Requirement

In a meeting held on October 21, 2010, the SEC issued Resolution No. 489 and 492 granting the deferment of the P30,000,000 unimpaired paid-in capital requirement of Trading Participants effective January 1, 2011 until November 30, 2011 provided that Trading Participants with Unimpaired Paid-up Capital falling below P30,000,000 shall post a surety bond amounting to P30,000,000 on top of the surety bond of P12,000,000 in compliance with SRC Rule 28.1 for the same period until securities held and controlled by the Trading Participant shall be recorded under the name of the individual clients in the books of the Transfer Agent or in the sub-account with the Philippine Depository and Trust Corporation at the option of the client. Compliance with the

requirement is a condition for the renewal of the Broker Dealer license for the period covering January 1, 2011 to December 31, 2013.

In compliance with Section 2 of D, Article VII of the amended Market Regulation Rules, which was approved by the Securities and Exchange Commission on September 8, 2009, effective November 1, 2009, the surety bond, shall be Ten Million Pesos (P10,000,000) for Brokers and Two Million Pesos (P2,000,000) for Dealers.

On November 6, 2024, the Company renewed its SEC licenses and the required surety bond coverage for the period January 1, 2025 to December 31, 2025 in the amount of Twelve Million Pesos (P12,000,000) in compliance with SRC Rule 28.1.

Based on SEC Memorandum Circular No. 16 dated November 11, 2004, starting December 1, 2005, every broker dealer is expected to comply with all the requirements of the Risk-Based Capital Adequacy (RBCA) rules. As of December 31, 2005, the RCBA report is prepared based on the guidelines which cover the following risks: (a) position of market risks, (b) credit risks such as counterparty, settlement, large exposure, and margin financing risks, and (c) operation risk.

The Company monitors capital on the basis of RBCA Ratio and Net Liquid Capital (NLC). RBCA requirement is the minimum level of capital that has to be maintained by firms which are licensed, or securing a broker dealer license, taking into consideration the firm a size, complexity and business risk. RBC ratio is the quotient of the NLC and the sum of the requirements for operation risk, credit risk, and position or market risk.

NLC, on the other hand, represents the equity eligible for NLC adjusted for non-allowable current and non-current assets as described under the Circular.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Under the guidelines set-out by the SEC, all registered brokers dealers should maintain the following RBCA and NLC requirements:

- A. RBCA ratio of greater than or equal to 1:1;

As at December 31, 2025 and 2024, the Company's RBCA ratio of 5.5 and 3.55, respectively, is in compliance with the minimum capital requirement set out by the RBCA framework.

- B. NLC should be at least P5,000,000 or 5% of aggregate indebtedness, whichever is higher;

- C. A dealer who deals only with proprietary shares and does not keep shares in its custody shall maintain a NLC of P2,500,000 or 2.5% of aggregate indebtedness, whichever is higher;

- D. No broker dealer shall permit its aggregate indebtedness to exceed 2,000% of its NLC.

The Company's NLC amount to P45,148,514 and P41,909,606 as of December 31, 2025 and 2024, respectively, which is more than 5% of the Company's aggregate indebtedness. As at December 31, 2025 and 2024, the Company is compliant with items A to D as prescribed by Securities and Exchange Commission (SEC).

On May 28, 2009, the SEC approved PSE's Rules Governing Trading Rights and Trading Participants which provides among other the following provisions:

- a. Trading participants should have a minimum unimpaired paid-up capital (defined as the trading participant's total paid up capital less any deficiency in the retained earnings account) of ₱20,000,000 effective December 31, 2009, provided further that effective December 31, 2010 and onwards, the minimum unimpaired paid up capital shall be ₱30,000,000; and
- b. Each trading participant shall pledge its trading right to the extent of its full value to secure the payment of all debts and claims due to the trading participant, the government, PSE and to other trading participants of the PSE and to the Securities Clearing Corporation of the Philippines.

On August 8, 2023, the SEC approved amendments to the 2015 Implementing Rules and Regulations of the Securities Regulation Code (the "2015 SRC Rules") and SEC Memorandum Circular (MC) No. 16, series of 2004, relative to the settlement cycle from T+3 to T+2.

As at December 31, 2025 and 2024, the Company is in compliance with PSE's Rules Governing Trading Rights and Trading Participants.

Equity Reserves

Reconciliation of the equity reserves account is as follows:

2025

	<u>PSE Shares</u>	<u>Club Share</u>	<u>Total</u>
Balance at beginning of year	₱ 26,819,450	₱ 138,600	₱ 26,958,050
Fair value gain (loss) on FVOCI	9,737,280	-	9,737,280
Tax expense	(2,434,320)	-	(2,434,320)
Reclassified to retained earnings	-	(150,000)	(150,000)
Other comprehensive income after tax	7,302,960	(150,000)	7,152,960
Balance at end of year	<u>₱ 34,122,410</u>	<u>₱ (11,400)</u>	<u>₱ 34,111,010</u>

2024

	<u>PSE Shares</u>	<u>Club Share</u>	<u>Total</u>
Balance at beginning of year	₱ 27,877,850	₱ 101,100	₱ 27,978,950
Fair value gain (loss) on FVOCI	(1,411,200)	50,000	(1,361,200)
Tax expense	352,800	(12,500)	340,300
Adjustment of taxes of prior period	-	-	-
Other comprehensive income after tax	(1,058,400)	37,500	(1,020,900)
Balance at end of year	<u>₱ 26,819,450</u>	<u>₱ 138,600</u>	<u>₱ 26,958,050</u>

Retained Earnings

Appropriation

In compliance with SRC Rule 49.1 (B) Reserve Fund, every broker dealer shall annually appropriate a certain minimum percentage of its audited profit after tax and transfers the same to the appropriated retained earnings. Appropriation shall be 30%, 20%, 10% of profit after tax for broker dealers with unimpaired paid up capital of ₱ 10M to ₱ 30M, ₱ 30M to ₱ 50M and above ₱ 50M, respectively.

Total appropriated retained earnings as of December 31, 2025 and 2024, in compliance with the above circular amounted to ₱10,196,775 and ₱9,485,620, respectively. The Company appropriate ₱711,155 and ₱nil for reserve fund for year 2025 and 2024, respectively.

did not appropriate for reserve fund for both years 2025 and 2024 due to losses incurred.

NOTE 21 - COMMISSION REVENUE

The Company earns commission revenue through stocks transaction, this amounts to ₱1,881,974 and ₱2,223,065 in 2025 and 2024, respectively.

NOTE 22 - DIRECT COSTS

Details of the Company's direct costs are as follows:

	<u>2025</u>	<u>2024</u>
Salaries and wages	₱ 2,865,387	₱ 2,776,083
SSS, PHIC, HDMF contribution	342,140	324,420
Commission	145,400	243,854
Stock exchange dues and fees	136,331	204,371
Central depository fees	35,498	57,109
	<u>₱ 3,524,756</u>	<u>₱ 3,605,837</u>

NOTE 23 - OPERATING EXPENSES

Details of the Company's operating expense are as follows:

	<u>2025</u>	<u>2024</u>
Retirement expense	₱ 718,511	₱ -
Depreciation (Note 14)	711,765	651,075
Subscriptions dues	533,929	177,018
Condominium dues and fess	373,070	336,222
Taxes and Licenses (Note 31)	263,906	383,416
Utilities	238,068	192,641
Transportation and travel	230,472	263,619
Director's fee	224,000	208,000
Gas and oil	134,551	133,845
Professional fees	127,143	70,000
Postage, telephone and communication	102,052	113,183
Office supplies	88,491	43,243
Meeting and conference	83,246	63,702
Repairs and maintenance	70,306	64,639
Insurance	59,294	66,943
Photocopying & notarial fees	17,800	18,933
Provision for credit losses (Note 8)	-	330,905

Miscellaneous expense	9,591	28,569
	<u>₱ 3,986,195</u>	<u>₱ 3,145,953</u>

NOTE 24 - OTHER INCOME

Details of the Company's other income are as follows:

	2025	2024
Interest income – Savings (Note 6)	₱ 10,295	₱ 9,235
Interest income – Short-term investment (Note 11)	1,106,520	1,127,283
Recovery of credit loss (Note 8)	426,095	-
Gain on sale of other asset	200,000	-
Miscellaneous income	1,183,499	1,572,982
	<u>₱ 2,926,409</u>	<u>₱ 2,709,500</u>

NOTE 25 - DEPRECIATION AND EMPLOYEE BENEFITS

Depreciation, amortization and employee benefits were presented as follows:

2025

	Direct Costs	Operating Expense	Total
Depreciation	₱ -	₱ 711,765	₱ 711,765
Employee benefits	3,207,527	718,511	3,926,038

*Employee benefits includes salaries and wages and SSS, PHIC, HDMF contribution

2024

	Direct Costs	Operating Expense	Total
Depreciation	₱ -	₱ 651,075	₱ 651,075
Employee benefits	3,100,503	-	3,100,503

*Employee benefits includes salaries and wages and SSS, PHIC, HDMF contribution

NOTE 26 - INCOME TAXES

Income tax expense (benefit) for the years ended December 31 consists of:

	2025	2024
Current tax expense:		
MCIT	₱ 53,311	₱ 13,278
Adjustments of taxes of prior period (CREATE)	-	-
	<u>53,311</u>	<u>13,278</u>
Deferred tax benefit arising from:		
Temporary differences	73,881	(2,049,799)
NOLCO	1,187,576	(537,785)
	<u>1,261,457</u>	<u>(2,587,584)</u>
Income tax benefit	<u>₱ 1,314,768</u>	<u>₱ (2,574,306)</u>

Reconciliation between statutory tax and effective tax follows:

	2025	2024
Income tax at statutory rate	P 832,039	P (1,448,039)
Tax effect of income subject to final tax	(279,204)	(284,129)
Tax effect of dividend income exempt from income tax	(764,792)	(864,785)
Expiration of NOLCO	1,517,732	-
Expiration of MCIT	8,993	22,647
Effective income tax	P 1,314,768	P (2,574,306)

Analysis of income tax payable (prepaid income tax) follows:

	2025	2024
Regular Corporate Income Tax:		
Income (loss) before tax	P 3,328,152	P (5,792,155)
Permanent differences:		
Interest income subjected to final tax	(1,116,816)	(1,136,518)
Non-taxable dividend income	(3,059,168)	(3,459,137)
Temporary differences:		
Unrealized (gain) loss on FVTPL	(46,703)	7,905,765
Recovery for credit loss	(426,094)	-
Provision for credit losses	-	330,905
Taxable loss	(1,320,629)	(2,151,140)
Tax rate	25%	25%
	P (330,157)	P (537,785)
Minimum Corporate Income Tax:		
Taxable gross income	P 2,665,566	P 663,908
Tax rate	2%	2%
	P 53,311	P 13,278
Tax due (Higher of RCIT or MCIT)	P 53,311	P 13,278
Less:		
Prior Year's Excess Credit	(256,880)	(258,371)
Creditable withholding tax	(68,206)	(11,787)
1st-3rd Quarters income tax payments	-	-
Prepaid income tax (Note 11)	P (271,775)	P (256,880)

The net deferred tax liability pertain to the following as of December 31, 2025 and 2024 and the related deferred tax expense for the year ended December 31, 2025 and 2024:

	Statements of Comprehensive Income					
	Statements of Financial Position		Profit or Loss		Other Comprehensive Income	
	2025	2024	2025	2024	2025	2024
Unrealized (gain) loss on FVPL	P 7,512,975	P 7,524,651	P (11,676)	P 1,976,441	P -	P -
Unrealized (gain) loss on FVOCI	(13,848,408)	(11,464,088)	-	-	(2,384,320)	340,300
MCIT	66,589	22,271	44,318	(9,369)	-	-
Allowance for credit losses	99,982	206,505	(106,523)	82,726	-	-
NOLCO	4,135,584	5,323,159	(1,187,576)	537,785	-	-
Net deferred tax assets (liabilities)	P (2,033,279)	P 1,612,498				
Deferred tax (expense) income			P (1,261,457)	P 2,587,583	P (2,384,320)	P 340,300

Deferred tax asset from NOLCO, arises from the taxable loss that can be charged against income of the next three taxable years except for NOLCO incurred for the year 2020 and 2021. Pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

Details of NOLCO that can be carried over as deduction from gross income for the next five (5) consecutive taxable years pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR No. 25-2020 follows:

Date Incurred	Date of Expiration	Amount	Applied	Expired	Balance
2021	2026	<u>P 3,865,576</u>	<u>P -</u>	<u>P -</u>	<u>P 3,865,576</u>

Details of NOLCO that can be carried over as deduction from gross income for the next three (3) consecutive taxable years follows:

Date Incurred	Date of Expiration	Amount	Applied	Expired	Balance
2022	2025	P 6,070,930	P -	(P6,070,930)	P -
2023	2026	9,204,982	-	-	9,204,982
2024	2027	2,151,140	-	-	2,151,140
2025	2028	<u>1,320,629</u>	<u>-</u>	<u>-</u>	<u>1,320,629</u>
		<u>P 18,747,681</u>	<u>P -</u>	<u>(P6,070,930)</u>	<u>P 12,676,751</u>

The Company is subject to Minimum Corporate Income Tax (MCIT) equivalent to 2% of gross income beginning on the fourth taxable year immediately following the year in which the Company commenced business operations. The MCIT is imposed when it is greater than the regular corporate income tax based on taxable income.

Details of MCIT is as follows:

Date Incurred	Date of Expiration	Amount	Applied	Expired	Balance
2025	2028	P 53,311	P -	P -	P 53,311
2024	2027	13,278	-	-	13,278
2022	2025	8,993	-	(8,993)	-
2021	2024	<u>22,647</u>	<u>-</u>	<u>(22,647)</u>	<u>-</u>
		<u>P 98,229</u>	<u>P -</u>	<u>P (31,640)</u>	<u>P 66,589</u>

NOTE 27 - RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, has transactions with related parties. Presented below are the specific relationship, amount of transaction, account balances, terms and conditions and the nature of the consideration to be provided in settlement.

2025

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Major Shareholders	Buying Selling	1,504,800 (2,265,112)	- (2,265,112)	(1)	(2)

(1) Non-interest bearing, payable in cash, T+2

(2) Secured by equity securities

2024

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Major Shareholders	Buying Selling	3,782,619 (4,618,405)	- (4,618,405)	(1)	(2)

(1) Non-interest bearing, payable in cash, T+3

(2) Secured by equity securities

Buying and Selling Transaction

In the ordinary course of business, the Company acts as broker to certain shareholders. Under the Company's policy, these transactions are made substantially on the same terms as with other businesses of comparable risks. In 2025 and 2024, the Company's outstanding receivable (payable) is presented as part of Receivables from Customers (Payables to Customers) in the statement of financial position.

Key Management Compensation

Key management compensation paid in 2025 and 2024 amounted to ₱1,293,035 and ₱1,153,550 respectively.

NOTE 28 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's business activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The most significant financial risks to which the Company is exposed to are described below:

Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from both its operating, investing and financing activities.

A. Price Risk

The Company's market price risk arises from its investments carried at fair value (i.e., financial assets classified as financial assets at FVTPL). The Company manages exposures to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

For listed equity securities, an average volatility of 17% and 15% has been observed during 2025 and 2024, respectively. The table below summarizes the sensitivity of the Company profit before tax to the observed volatility rates of the fair values.

Observed Volatility Rates	2025		2024	
	+17%	-17%	+15%	-15%
Profit before tax	854,772	(854,772)	₱1,114,810	₱(1,114,810)

The assumed price volatilities used in the sensitivity analysis represent the defined shift used by the Company to manage price risk based on the historical performance of equity securities.

B. Interest Rate Risk

The Company's exposure to the risk for changes in interest rates relates primarily to the Company's bank accounts and short-term investments. As at December 31, 2025 and 2024, these amounted to ₱54,815,069 and ₱37,091,165 respectively. The Company's exposure to changes in interest rates is not significant.

Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from selling services to customers including related parties and placing deposits with banks.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk. Accordingly, the Company's exposure to bad debts is not significant.

With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents and refundable deposits, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD. The Company's exposure on rental deposit is minimal since no default in payments were made by the counterparties.

The Company's receivable from customers related to unsecured and partially secured account is actively monitored to avoid significant concentrations of credit risk. A substantial portion of the Company's receivable from customers is secured by shares of stocks listed and traded in the PSE and lodged with Philippine Depository and Trust Corporation (PDTC) under the account of the Company.

The table below is an analysis of receivables from customers is as follows:

2025

	Balance	Collateral (net of haircut)	Counterparty exposure (after collateral)	Allowance for credit losses	Net exposure
T to T+1 of counterparty	P 860	P 22,127	P (21,267)	P -	P -
T+2 to T+12 of counterparty	3,597	17,202	(13,605)	72	-
T+13 to T+30 of counterparty	269	8,911	(8,641)	-	-
Beyond T+ of counterparty	<u>1,162,263</u>	<u>1,103,361</u>	<u>58,902</u>	<u>343,738</u>	<u>-</u>
	<u>P 1,166,989</u>	<u>P 1,151,601</u>	<u>P 15,389</u>	<u>P 343,810</u>	<u>P -</u>

2024

	Balance	Collateral (net of haircut)	Counterparty exposure (after collateral)	Allowance for credit losses	Net exposure
T to T+1 of counterparty	P 4,110,721	P 110,793,865	P (106,683,144)	P -	P -
T+2 to T+12 of counterparty	-	-	-	-	-
T+13 to T+30 of counterparty	2,295,336	3,052,500	(757,163)	-	-
Beyond T+ of counterparty	<u>2,012,007</u>	<u>6,515,308</u>	<u>(4,507,944)</u>	<u>769,905</u>	<u>-</u>
	<u>P 8,418,064</u>	<u>P 120,361,673</u>	<u>P 111,948,251</u>	<u>P 769,905</u>	<u>P -</u>

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all customers are subject to credit verification procedures.

In respect of receivable from customers and clearing house and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and receivables from customers as described below.

(a) Cash and cash equivalents

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1,000,000 for every depositor per banking institution.

(b) Receivables from Customers

The Company trades only with recognized and credit worthy third parties. In accordance with RBCA requirements, limits are imposed to avoid large exposures to a single client or counterparty, single debt issue and single equity issue relative to a particular issuer company and its group of companies. As a result, maximum credit risk, without taking into account the fair

value of any collateral and netting agreements, is limited to the amounts in the statements of financial position.

A substantial portion of the Company's Receivable from Customers is secured by shares of stocks (Note 8).

The Company applies the provision of SRC Rules 52.1.11 and Risk Based Capital Adequacy in measuring Credit Losses. In 2023 Section 52.1.11.2 and 52.1.11.3 was amended through SEC Memorandum Circular No. 11 Series of 2023.

To measure the credit losses, receivables were classified based on the provision of SRC Rule No. 52.1.11.2 as follows:

<u>Classification</u>
T+0 to T+1
T+2 to T+12
T+13 to T+30
T+31 up

The credit loss rates are based on the provision of SRC Rule No. 52.1.11.3 as follows:

<u>Classification</u>	<u>Provision</u>	<u>Base</u>
T+0 to T+0 to T+1	0	Total Receivables (TR)
T+2 to T+2 to T+12	2%	TR
T+13 to T+13 to T+30	50%	TR less collateral (net of haircut)
T+31 up	100%	TR less collateral (net of haircut)

The credit loss were computed by getting, for each doubtful account an amount equivalent to the provision of the amount outstanding net of collateral (net of haircut). Basis for the computation would be the individual accounts.

(c) Receivable from Clearing House

The credit risk for receivable from clearing house is considered negligible, the amount due were collected within the T+2 term of the receivable. Securities Clearing Corporation of the Philippines (SCCP) is a wholly-owned subsidiary of The Philippine Stock Exchange, Inc. (PSE) and is under the regulatory supervision of the Securities and Exchange Commission (SEC). (Note 9).

(d) Other receivables and advances to related parties

The amount of ECL is not significant due to the fact that the collectability of contractual cash flows expected from these financial instruments is reasonably assured.

Liquidity Risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Company's inability to meet its obligation when they come due without recurring unacceptable losses or coats.

The Company manages its liquidity needs by carefully monitoring cash inflows and cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are normally invested in short-term placements. Funding for long-term liquidity needs could be sourced through available credit facilities.

Company's payable to customers are normally settled within three (3) days. Other payables are normally settled within one (1) year after reporting date.

The following table presents the maturity profile of the Company's financial liabilities as at December 31, 2025 and 2024 based on contractual undiscounted payments.

	December 31, 2025				
	Within 3 months	3 months to 6 months	6 months to 1 year	3 to 5 years	Total
Payable to customers	P 28,184,281	P -	P -	P -	P 28,184,281
Payable to clearing house	-	-	-	-	-
Other payables	2,240,100	-	-	-	2,240,100
	<u>P 30,424,381</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 30,424,381</u>

	December 31, 2024				
	Within 3 months	3 months to 6 months	6 months to 1 year	3 to 5 years	Total
Payable to customers	P 25,361,715	P -	P -	P -	P 25,361,715
Payable to clearing hou	2,522,760	-	-	-	2,522,760
Other payables	1,908,237	-	-	-	1,908,237
	<u>P 29,792,712</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 29,792,712</u>

NOTE 29 - CAPITAL MANAGEMENT

The Company's objective in managing capital is to ensure that a stable capital base is maintained in accordance with industry regulations while maintaining investor, creditor, and market confidence to sustain the future development of the business.

On August 8, 2023, the SEC approved amendments to the 2015 implementation Rules and Regulation of the Securities Regulation Code (the "2015 SRC Rules") and SEC Memorandum Circular (MC) NO. 16 Series of 2004, relative to the settlement cycle from T+3 to T+2.

The Company's BOD has the overall responsibility for monitoring capital proportion to risks. The Associated Person designated by the Company monitors compliance with minimum capital requirements imposed by PSE and SEC.

The Company, being a broker/dealer in securities, is regulated by PSE and SEC and subject to the following capital requirement in accordance with the Securities Regulatory Commission (SRC).

Risk Based Capital Adequacy Requirement

Based on SEC Memorandum Circular No. 16, the Company is required an RBCA ratio of greater than or equal to 1:1. The RBCA ratio is computed by dividing Company's Net Liquid Capital (NLC) to its Total Risk Capital Requirement (TRCR). TRCR is the sum of: a) Operational Risk Requirement (ORR); 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 as at years ended December 31, 2025 and 2024 are 550% and 355% respectively.

Details of computation of the Company's Risk Based Capital Adequacy Ratio are shown below:

	2025	2024
Net liquid capital		
Equity eligible for net liquid capital	P 105,667,062	P 92,608,739
Ineligible assets	60,518,546	50,699,133
Total	P 45,148,514	P 41,909,606
Risk capital requirements		
Operational risk requirement	P 1,555,731	P 1,610,933
Position risk requirement	6,652,453	9,353,362
Large exposure risk	-	843,623
Total	P 8,208,184	P 11,807,918
Risk based capital adequacy ratio	550%	355%

Net Liquid Capital

The Company is required, at all times, to have and maintain a Net Liquid Capital (NLC) of five million (P 5M) or 5% of its Aggregate Indebtedness (AI), whichever is higher. The Company's NLC has an excess of P40,148,515 and P36,909,606 as of December 31, 2025 and 2024.

In computing for NLC, all non-allowable asset/equities, and collateralized liabilities will be deducted and allowable liabilities and equities are added to equity per books.

Details of Company NLC as of years ended December 31, 2025 and 2024 are shown below:

	2025	2024
Net liquid capital	P 45,148,514	P 41,909,606
Less: Required net liquid capital, higher of:		
5% aggregate indebtedness	849,470	926,880
Minimum amount	5,000,000	5,000,000
Required net liquid capital	5,000,000	5,000,000
Net risk based capital excess (deficiency)	P 40,148,515	P 36,909,606
Ratio of aggregate indebtedness to net liquid capital	38%	44%

Total Risk Capital Requirement

Detail of TRCR follows:

A. Operational Risk

It is the exposure that is associated with commencing and remaining in business arising separately from exposures covered by other risk requirements. It is the risk of loss resulting from inadequate or failed internal process, people and systems which include, among others, risk of fraud, operational or settlement failure and shortage of liquid resources, or from external events.

Below is the manual computation of operational risk requirement for the last three years:

Revenue	2024	2023	2022	Average
Commission revenue	₱ 2,223,065	₱ 1,590,172	4,837,110	₱ 2,883,449
Interest income	1,136,518	812,784	328,361	759,221
Net Recovery from market decline of Marketable Securities Owned	-	-	-	-
Dividend income	3,459,137	3,606,502	3,457,041	3,507,560
Gain on Sale of Marketable Securities	-	-	-	-
Gain on Sale of other Assets	-	-	10,035	3,345
Other income/revenue	1,572,982	214,509	87,749	625,080
				7,778,655
Average of the last three year gross income				
Operational risk factor				20%
Total operational risk requirement				₱ 1,555,731

The Company's Core Equity should, at all times, be greater than its Operational Risk Requirement.

Core Equity refers to the sum of paid-up common stock, common stock dividends distributable, additional paid-in capital, surplus reserves excluding revaluation reserves or appraisal capital, and opening retained earnings adjusted for all current year movements. Core Equity shall exclude treasury shares and unbooked valuation reserves and other capital adjustments (such as unrealized gain in value of FVOCI securities).

The Company has no operational risk exposure since its Core Equity is greater than the operational risk requirement as calculated.

B. Position/Price Risk

The Company is exposed to equity security price risk because of investments held and classified in Fair Value through Profit or Loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the management.

Below is the manual computation of position risk requirement as of the years December 31, 2025 and 2024:

2025

	Total Market Value of Instrument	Position Risk Factors	Position Risk Requirement
Equities in PHISIX	₱ 335,280	25%	₱ 83,820
Other equities outside the PHISIX	18,767,522	35%	6,568,633
FX Position	-	-	-
	₱ 19,102,802	-	₱ 6,652,453

2024

	Total Market Value of Instrument	Position Risk Factors	Position Risk Requirement
Equities in PHISIX	₱ 1,568,040	25%	₱ 392,010
Other equities outside the PHISIX	25,603,864	35%	8,961,352
FX Position	-	-	-
	<u>₱ 27,171,904</u>	<u>-</u>	<u>₱ 9,353,362</u>

C. Large Exposure Risk

It is a risk to which a broker dealer is exposed to a single equity security or single issuer group. This is the maximum permissible large exposure and calculated as a percentage of core equity.

The Company does not have any exposure to single client or counterparty, direct exposure to debt for fixed income securities, and direct exposure to a single equity relative to a particular issuer company and its group of companies as the Company does not exceed to the maximum Large Exposure Risk Limit of 30% of its Core Equity.

D. Counterparty Risk Exposure

Unsettled customer trades (arising from customer-to-broker agency relationship)- A counterparty exposure of this kind occurs when a) the customer poses the possible risk of failing to deliver securities on a sell contract or b) the customer poses the possible risk of failing to pay cash on a buy contract.

Unsettled principal trades (arising from broker-to-broker or broker-to-exchange/clearing agency relationships). A counterparty exposure risk of this kind occurs when a) the broker dealer poses the possible risk of failing receive cash from its counterparty on a sell contract or b) the broker dealer poses the possible risk of failing to receive the securities from its counterparty on a buy contract. Debts/loans, contra losses and other amounts due- A broker dealer has a counterparty exposure if a debt/loan, receivable from a customer/client, contra loss, or any other amount due is not paid on its agreed due date. In the case of a contra loss, the due date shall be the date of the contra.

The Company has no counter party exposure which results to counterparty exposure on unsettled customers trades in 2025 and 2024.

As at December 31, 2025 and 2024, the Company is in compliance with Risk Based Capital Adequacy Requirement.

NOTE 30 - FAIR VALUE MEASUREMENT

The following table presents the carrying amounts and fair values of the Company's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

Notes	Carrying Amount	2025		
		Quoted prices in active markets (Level 1)	Fair Value Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Financial asset at FVPL	7	₱ 19,102,802	₱ 19,102,802	₱ -

Financial asset at FVOCI	13	48,630,080	48,630,080	-	-
Assets for which fair values are disclosed:					
Cash	6	29,741,777	-	29,741,777	-
Receivables from customers	8	397,084	-	397,084	-
Receivables from clearing house	9	1,315,101	-	-	-
Other receivables	10	455,811	-	455,811	-
Short term investment	11	25,082,342	-	25,082,342	-
Refundable deposits	16	1,075,291	-	1,075,291	-
		<u>P 125,800,288</u>	<u>P 67,732,882</u>	<u>P 57,178,400</u>	<u>P -</u>
Liabilities for which fair values are disclosed:					
Payable to clearing house	9	P -	P -	P -	P -
Payable to customers	17	28,184,281	-	28,184,281	-
Other payables	18	2,240,100	-	2,240,100	-
		<u>P 30,424,381</u>	<u>P -</u>	<u>P 30,424,381</u>	<u>P -</u>
				2024	
				Fair Value	
	Notes	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Financial asset at FVPL	7	P 27,171,904	P 27,171,904	P -	P -
Financial asset at FVOCI	13	39,092,800	39,092,800	-	-
Assets for which fair values are disclosed:					
Cash	6	12,902,935	-	12,902,935	-
Receivables from customers	8	7,648,159	-	7,648,159	-
Other receivables	10	402,191	-	402,191	-
Short term investment	11	24,197,281	-	24,197,281	-
Refundable deposits	16	960,528	-	960,528	-
		<u>P 112,375,798</u>	<u>P 66,264,704</u>	<u>P 46,111,094</u>	<u>P -</u>
Liabilities for which fair values are disclosed:					
Payable to clearing house	9	P 2,522,760	P -	P 2,522,760	P -
Payable to customers	17	25,361,715	-	25,361,715	-
Other payables	18	1,908,237	-	1,908,237	-
		<u>P 29,792,712</u>	<u>P -</u>	<u>P 29,792,712</u>	<u>P -</u>

Offsetting of Financial Assets and Financial Liabilities

The following financial assets and financial liabilities with net amount presented in the statements of financial position are subject to offsetting, enforceable matter netting arrangements and similar arrangements:

	Gross amounts recognized in the statements of financial position		Net amount presented in statements of financial position
	Financial assets	Financial Liabilities	
December 31, 2025			
Receivable from clearing house	<u>P 2,684,802</u>	<u>P 1,369,701</u>	<u>P 1,315,101</u>
December 31, 2024			
Payable to clearing house	<u>P 2,121,498</u>	<u>P 4,644,258</u>	<u>P 2,522,760</u>

NOTE 31 - INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the supplementary information required by the Bureau of Internal Revenue (BIR) under Revenue Regulations (RR) No. 15-2010 and RR No. 34-2020 to be disclosed as part of the notes to the financial statements.

This supplementary information is presented for purposes of compliance with BIR requirements and is not a required disclosure under the Philippine Financial Reporting Standards (PFRS) Accounting Standard.

The details of taxes, duties, and license fees paid or accrued during the taxable year, as required under the aforementioned Revenue Regulations, are presented below and in the succeeding pages.

Revenue Regulation 15-2010

a) Output VAT

In 2025, the Company declared output VAT as follows:

	<u>Tax Base</u>	<u>Output VAT</u>
Taxable Sales	₱ 6,011,302	₱ 721,356

The tax bases are included as part of Income in the 2025 statements of comprehensive income.

b) Input VAT

Movement in input VAT for the year ended December 31, 2025 follow:

	<u>Purchases</u>	<u>Input VAT</u>
Balance, beginning of year	₱ -	₱ -
Domestic purchases	1,200,543	144,065
Total available Input VAT		144,065
Application against VAT payable		(144,065)
Balance, end of the year		<u>₱ -</u>

c) Taxes and Licenses

The details of Taxes and Licenses reported under operating expense (Note 23) in the Statements of Comprehensive Income pertains to business permit and licenses amounting to ₱263,906 for the year ending December 31, 2025.

d) Withholding Taxes

The details of total withholding taxes paid for the year ended December 31, 2025 are shown below.

	<u>Amount</u>
Withholding tax at source (expanded)	₱ 29,235
Withholding tax on compensation	86,708
	<u>₱ 115,943</u>

e) Tax Assessments and Cases

The Company has no outstanding Letter of Authority from the Bureau of Internal Revenue as of the reporting date.

f) Related Party Transaction

The Company is not covered under Section 2 of the Revenue Regulation 34-2020 requirements and procedures for related party transaction, including filing of BIR Form 1709, Information Return on its Transactions with Related Party.

SCHEDULE I

**H. E. BENNETT SECURITIES, INC.
STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
FOR THE YEAR ENDED December 31, 2025**

The Company has no subordinated liabilities as of December 31, 2025.

SCHEDULE II

H. E. BENNETT SECURITIES, INC.
RISK BASED-CAPITAL ADEQUACY WORKSHEET PURSUANT TO
SEC MEMORANDUM CIRCULAR NO. 16, AS AMENDED, THROUGH SEC
MEMORANDUM CIRCULAR NO. 11, SERIES OF 2023
DECEMBER 31, 2025

Assets	148,344,993
Liabilities	30,862,801
Equity as per books	117,482,192
Adjustments to Equity per books	
Add (Deduct):	
Allowance for market decline	
Subordinated Liabilities	
Unrealized Gain / (Loss) in proprietary accounts	
Deferred Income Tax	(11,815,130)
Revaluation Reserves	-
Deposit for Future Stock Subscription (No application with SEC)	
Minority Interest	
Total Adjustments to Equity per books	(11,815,130)
Equity Eligible For Net Liquid Capital	105,667,062
Contingencies and Guarantees	
Deduct: Contingent Liability	
Guarantees or indemnities	
Ineligible Assets	
a. Trading Right and all Other Intangible Assets (net)	336,600
b. Intercompany Receivables	
c. Fixed Assets, net of accumulated and excluding those used as collateral	9,699,517
d. Prepayment from client for Early Settlement of Account	-
e. All Other Current Assets	551,399
f. Securities Not Readily Marketable	
g. Negative Exposure (SCCP)	43,886
h. Notes Receivable (non-trade related)	
i. Interest and Dividends Receivables outstanding for more than 30 days	
j. Ineligible Insurance claims	
k. Ineligible Deposits	
l. Short Security Differences	
m. Long Security Differences not resolved prior to sale	
n. Other Assets including Equity Investment in PSE	49,877,146
Total ineligible assets	60,508,548
Net Liquid Capital (NLC)	45,158,514
Less:	
Operational Risk Requirement	1,555,731
Position Risk Requirement	6,652,453
Counterparty Risk	
Large Exposure Risk	
LERR to a single client	
LERR to a single debt	
LERR to a single issuer and group of companies	-
Total Risk Capital Requirement (TRCR)	8,208,184
Net RBCA Margin (NLC-TRCR)	36,950,330
Liabilities	30,862,801
Add: Deposit for Future Stock Subscription (No application with SEC)	
Less: Exclusions from Aggregate Indebtedness	
Subordinated Liabilities	
Loans secured by securities	
Loans secured by fixed assets	
Others	13,873,408
Total adjustments to AI	(13,873,408)
Aggregate Indebtedness	16,989,393
5% of Aggregate Indebtedness	849,470
Required Net Liquid Capital (> of 5% of AI or P5M)	5,000,000
Net Risk-based Capital Excess / (Deficiency)	40,158,514
Ratio of AI to Net Liquid Capital	38%
RBCA Ratio (NLC / TRCR)	550%

SCHEDULE III

H. E. BENNETT SECURITIES, INC.
INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS
UNDER APPENDIX F OF SRC RULE 49.2.1
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Market Valuation	P	<u>-nil-</u>
Numer of items	P	<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 49.2-1

Market Valuation	P	<u>-nil-</u>
Numer of items	P	<u>-nil-</u>

SCHEDULE IV

H. E. BENNETT SECURITIES, INC.
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
UNDER SRC RULE 49.2
DECEMBER 31, 2025

Particulars	Credits	Debits
1. Free credit balances and other credit balance in customers' security accounts.	29,886,899	
2. Monies borrowed collateralized by securities carried for the account of customers.		
3. Monies payable against customers' securities loaned.		
4. Customers' securities failed to receive.	-	
5. Credit balances in firm accounts which are attributable to principal sales to customer.		
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days old,		
7. Market value of the short security count differences over 30 calendar days old.		
8. Market value of short securities and credits (not to be offset by long or by debits) in all suspense accounts over 30 calendar days.		
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days.		
10. Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection.		58,151
11. Securities borrowed to effectuate short sales by customer and securities borrowed to make delivery on customers' securities failed to deliver.		
12. Failed to deliver customers' securities not older than 30 calendar days.		1,842,618
13. Others:		
Total	29,886,899	1,900,769
Net Credit (Debit)	27,986,130	
Required Reserve (100% of net credit if making a weekly computation and 105% if monthly)	29,385,437	

SCHEDULE V

**H. E. BENNETT SECURITIES, INC.
REPORT DESCRIBING MATERIAL INADEQUACIES FOUND TO EXIST
OR FOUND TO HAVE EXISTED SINCE THE PREVIOUS AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2025**

No material weakness in the internal control or material inadequacies in the practices and procedures for safeguarding securities were found since the date of previous report.

**H. E. BENNETT SECURITIES, INC.
REPORT OF MONTHLY SECURITIES COUNT CONDUCTED PURSUANT TO
SRC RULE 52.1-10, AS AMENDED
FOR THE YEAR ENDED DECEMBER 31, 2025**

There is no discrepancy in the result of the securities count conducted. Refer to the attached summary.

OATH

REPUBLIC OF THE PHILIPPINES)
MANILA CITY) S.S.

I, Myrna T. Gutierrez, Treasurer of the H. E. BENNETT SECURITIES, INC. do solemnly swear that all matters set forth in this summary of securities count for the month ended December 31, 2025 are true and correct to the best of my knowledge and belief.



MYRNA T. GUTIERREZ

Treasurer

MAY 12 2026

SUBSCRIBED AND SWORN to before me, a Notary Public, this ___ day of _____, affiant exhibiting to me this _____ issued at _____ on _____ and date expired on _____.

Doc. No. 80

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Book No. 257

Series of 276



Atty. ANTONIO CASANGKAPAN
NOTARY PUBLIC
FOR THE CITY OF MANILA UNTIL DEC. 31, 2027
ATTY'S ROLL NO. 55649
COMMISSION NO. 2026-029
IBP NO. 554723 UNTIL DEC. 31, 2026
PTR NO. 0373153 UNTIL DEC. 31, 2026
MCLE NO. VIII-0029703 UNTIL APR. 14, 2028
ADD: 101 Dasmariñas St., Binondo Manila

H. E. BENNETT SECURITIES, INC.
STOCK POSITION PER LOCATION REPORT
As of December 31, 2025

STOCK CODE	NAME OF STOCKS	CUSTOMER'S ACCOUNT		DEALER'S ACCOUNT		PHIL. CENTRAL DEPOSITORY		IN VAULT		TRANSFER OFFICE		IN TRANSIT	
		No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value
BRN	A. BROWN COMPANY, INC.	29,684	27,606	-	-	-	-	29,684	27,606	-	-	-	-
BRNP	A. BROWN CO. - SERIES A PREF. SHRS	15,600	1,513,200	-	-	-	-	15,600	1,513,200	-	-	-	-
BRNPB	A. BROWN CO. - PREF. SHRS. SERIES B	16,250	1,631,500	-	-	-	-	16,250	1,631,500	-	-	-	-
BSC	BASIC ENERGY CORP.	752,385	88,052	290,000	33,930	1,010,807	3,718	31,778	118,264	-	-	-	-
C	CHELSEA LOGISTICS HLDGS. CORP.	480,900	456,855	215,000	204,250	695,900	-	6430	661,105	-	-	-	-
CA	CONCRETE AGGREGATES CORP.	6,430	310,891	-	-	6,430	-	-	310,891	-	-	-	-
CAL	CALATA CORPORATION	31,000	63,240	-	-	31,000	-	-	63,240	-	-	-	-
CAT	CENTRAL AZUCARERA DE TARLAC	2,000	19,420	-	-	2,000	-	-	19,420	-	-	-	-
CBC	CHINA BANKING CORP.	556,186	31,702,602	-	-	556,186	-	-	31,702,602	-	-	-	-
CEB	CEBU AIR, INC.	15,500	496,000	-	-	15,500	-	-	496,000	-	-	-	-
CEBCP	CEBU AIR, INC. CONVERTIBLE PREF SHR	9,283	324,905	-	-	9,283	-	-	324,905	-	-	-	-
CEI	CROWN EQUITIES, INC.	5,674,520	408,565	-	-	5,674,520	-	-	408,565	-	-	-	-
CHI	CEBU HOLDINGS, INC.	14,000	85,680	-	-	14,000	-	-	85,680	-	-	-	-
CHP	CONCREAT HOLDINGS PHILS., INC.	315,895	344,326	106,000	115,540	421,895	-	-	459,866	-	-	-	-
CLIA1	CEBU LANDMASTERS - PREF. SERIES A-1	1,500	1,500,000	-	-	1,500	-	-	1,500,000	-	-	-	-
CLIA2	CEBU LANDMASTERS - PREF. SERIES A-2	3,500	3,755,500	-	-	3,500	-	-	3,755,500	-	-	-	-
CNPF	CENTURY PACIFIC FOOD, INC.	100	3,900	-	-	100	-	-	3,900	-	-	-	-
CNVRG	CONVERGE INFORMATION & COMM. TECH.	88,600	1,357,352	-	-	88,600	-	-	1,357,352	-	-	-	-
COAL	COAL ASIA HOLDINGS, INC.	5,400,000	-	-	-	5,400,000	-	-	-	-	-	-	-
COSCO	COSCO CAPITAL, INC.-(FRM. APM)	87,978	614,966	-	-	87,978	-	-	614,966	-	-	-	-
CPG	CENTURY PROPERTIES GROUP-(FR.-PWR)	159,361	109,959	-	-	159,361	-	-	109,959	-	-	-	-
CPM	CENTURY PEAK HOLDINGS CORPORATION	2,000,000	4,780,000	-	-	2,000,000	-	-	4,780,000	-	-	-	-
CREC	CITICORE RENEWABLE ENERGY CORP.	1,000	4,280	-	-	1,000	-	-	4,280	-	-	-	-
CREIT	CITICORE ENERGY REIT CORP.	497,000	1,774,290	-	-	497,000	-	-	1,774,290	-	-	-	-
CROWN	CROWN ASIA CHEMICALS CORP.	-	-	160,000	268,800	160,000	-	-	268,800	-	-	-	-
CTS	CTS GLOBAL EQUITY GROUP, INC.	20,000	7,200	-	-	20,000	-	-	7,200	-	-	-	-
CYBR	CYBER BAY CORP. (FRM.-CITY)	47,003,640	-	-	-	47,003,640	-	-	-	-	-	-	-
DD	DOUBLE DRAGON CORPORATION	191,760	1,779,533	-	-	191,760	-	-	1,779,533	-	-	-	-
DDMPR	DOMP REIT, INC.	8,625,000	8,797,500	-	-	8,625,000	-	-	8,797,500	-	-	-	-
DDPR	DOUBLE DRAGON PROPERTIES CORP.-PREF.	194,600	18,876,200	-	-	194,600	-	-	18,876,200	-	-	-	-
DELM	DEL MONTE PACIFIC LIMITED	76,300	358,610	-	-	76,300	-	-	358,610	-	-	-	-
DFNN	DIVERSIFIED FINANCIAL NETWORK, INC.	111,600	89,280	-	-	111,600	-	-	89,280	-	-	-	-
DGTL	DIGITAL TELECOMMUNICATIONS PHILS.	2,000	-	-	-	-	-	-	-	-	-	-	-
DHI	DOMINION HOLDINGS, INC.	22,770	31,650	-	-	22,770	-	-	31,650	-	-	-	-
DITO	DITO CME HOLDINGS CORP.	3,993,403	2,715,514	1,563,000	1,062,840	5,556,203	-	-	3,778,218	-	-	-	-
DIZ	DIZON COPPER	428	2,140	-	-	428	-	-	2,140	-	-	-	-
DMC	DMCI HOLDINGS, INC.	473,500	4,990,690	-	-	473,500	-	-	4,980,150	-	-	-	-
DMW	D.M. WENCESLAW & ASSOC., INC.	18,000	90,000	-	-	18,000	-	-	90,000	-	-	-	-
DNA	DNA HOLDINGS CORPORATION-(FR.ALT)	30,600	-	-	-	30,600	-	-	-	-	-	-	-
DNL	D&L INDUSTRIES, INC.	566,800	2,182,180	-	-	566,800	-	-	2,182,180	-	-	-	-
ECVC	EAST COAST VULCAN CORP.	130,000	35,100	-	-	130,000	-	-	35,100	-	-	-	-
EEL	EEL CORPORATION	45,124	128,152	-	-	45,124	-	-	128,152	-	-	-	-
EIIPB	EI CORP. PREF. SHARES SERIES B	72,000	7,084,800	-	-	72,000	-	-	7,084,800	-	-	-	-
EG	IP E-GAME VENTURES, INC.	4,140,000	-	-	-	4,140,000	-	-	-	-	-	-	-
EGRN	EVERWOODS GREEN RESOURCES-(FR.EVER)	380,000	-	-	-	380,000	-	-	-	-	-	-	-
EIBA	EXPORT AND INDUSTRY BANK (FRM.URD)	1,411,018	-	-	-	1,411,018	-	-	-	-	-	-	-
ELI	EMPIRE EAST LAND HOLDINGS, INC.	752,497	78,260	303,000	31,512	1,018,837	-	-	105,959	-	-	-	-
EMI	EMPERADOR, INC.-(EMP)	55,000	880,000	-	-	55,000	-	-	880,000	-	-	-	-
ENEX	ENEX ENERGY CORP.	38,788	129,552	36,500	121,910	75,288	-	-	251,462	-	-	-	-
ETON	ETON PROPERTIES PHILS. (FRM.-BAL)	109	-	-	-	109	-	-	-	-	-	-	-
EW	EAST WEST BANKING CORP.	146,860	1,703,576	-	-	146,860	-	-	1,703,576	-	-	-	-
FAF	FIRST ABACUS FINANCIAL HOLDINGS	37,000	24,420	-	-	37,000	-	-	24,420	-	-	-	-
FB	SAN MIGUEL FOOD & BEVERAGE, INC.	27,030	1,486,650	-	-	27,030	-	-	1,486,650	-	-	-	-
FDC	FILINVEST DEVELOPMENT	616	2,803	-	-	616	-	-	2,803	-	-	-	-
FEU	FAR EASTERN UNIVERSITY	124	99,200	-	-	124	-	-	99,200	-	-	-	-

H. E. BENNETT SECURITIES, INC.
 STOCK POSITION PER LOCATION REPORT
 As of December 31, 2025

STOCK CODE	NAME OF STOCKS	CUSTOMER'S ACCOUNT		DEALER'S ACCOUNT		PHIL. CENTRAL DEPOSITORY		IN VAULT		TRANSFER OFFICE		IN TRANSIT	
		No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value
MEDIC	MEDILINES DISTRIBUTORS, INC.	320,000	81,200	109,000	28,340	429,000	111,540	-	-	-	-	-	-
MEG	MEGAWORLD PROPERTIES & HOLDINGS	1,219,238	2,536,015	-	-	1,219,238	2,536,015	-	-	-	-	-	-
NER	MANILA ELECTRIC CO.	18,966	10,886,484	-	-	18,915	10,799,810	100	57,400	51	29,274	-	-
MFC	MANULIFE FINANCIAL COMPANY	1,666	3,132,080	-	-	1,666	3,132,080	-	-	-	-	-	-
MG	MILLENNIUM GLOBAL HLDGS.- (FP)	240,500	14,430	-	-	240,500	14,430	-	-	-	-	-	-
MGH	METRO GLOBAL HOLDINGS CORP.(FR.FC)	243,000	-	-	-	243,000	-	-	-	-	-	-	-
MHC	MABUHAY HOLDINGS	50,000	5,750	-	-	50,000	5,750	-	-	-	-	-	-
MJC	MANILA JOCKEY CLUB INC.	3,609	-	-	-	3,609	-	-	-	-	-	-	-
MJC	MIC INVESTMENTS, INC. - (MIJ-(APR.))	1,900	-	-	-	1,900	-	-	-	-	-	-	-
NM	MERRYMART CONSUMER CORP.	667,100	266,840	-	-	667,100	266,840	-	-	-	-	-	-
MMC	MARCOPPER MINING CORP.	9,475	-	-	-	19,527	-	-	-	-	-	-	-
MONDE	MONDE NISSIN CORPORATION	251,500	1,458,700	10,052	-	251,500	1,458,700	-	-	-	-	-	-
MRC	MRC ALLIED INDUSTRIES, INC.	128,200	111,534	-	-	128,200	111,534	-	-	-	-	-	-
MREIT	MREIT, INC.	399,600	5,594,400	-	-	399,600	5,594,400	-	-	-	-	-	-
MRP	MELCO RESORTS AND ENTERTAINMENT COR	40,000	-	-	-	40,000	-	-	-	-	-	-	-
MRSGL	METRO RETAIL STORES GROUP, INC.	46,000	52,900	-	-	46,000	52,900	-	-	-	-	-	-
MVC	MABUHAY VINYL CORPORATION	9,600	49,824	-	-	9,600	49,824	-	-	-	-	-	-
MWC	MANILA WATER CO. INC.	76,850	3,097,055	-	-	76,850	3,097,055	-	-	-	-	-	-
MWIDE	MEGAWIDE CONSTRUCTION CORP	32,701	97,776	-	-	32,701	97,776	-	-	-	-	-	-
MWPS	MEGAWIDE CONST. CORP. SERIES 5	10,000	1,030,000	-	-	10,000	1,030,000	-	-	-	-	-	-
MYNLD	MAYNILAD WATER SERVICES, INC.	324,800	5,489,120	-	-	324,800	5,489,120	-	-	-	-	-	-
NI	NIHAO MINERAL RESOURCES INTL., INC.	121,000	38,115	-	-	121,000	38,115	-	-	-	-	-	-
NIEL	NICKEL ASIA CORPORATION	340,150	1,323,184	135,000	525,150	475,150	1,848,334	-	-	-	-	-	-
NOW	NOW CORPORATION	754,000	512,720	-	-	754,000	512,720	-	-	-	-	-	-
NRCP	NATIONAL REINSURANCE CORP.	407,000	313,390	-	-	407,000	313,390	-	-	-	-	-	-
NXGEN	NEXTGENESIS CORPORATION-(FR.ASIA)	67,550	-	-	-	67,550	-	-	-	-	-	-	-
OM	OMICO MINING	465,902	47,056	-	-	465,902	46,854	300	202	-	-	-	-
OPM	ORIENTAL PET. & MNRLS. CORP.	72,537,266	870,447	5,995,121	71,941	74,665,297	895,984	2,000	202	46,405	46,405	-	-
OPMB	ORIENTAL PET. & MNRLS. CORP-B	23,622,071	283,465	9,008,761	108,105	32,462,003	389,544	3,867,090	46,405	2,026	2,026	-	-
ORE	ORIENTAL PENINSULA RESOURCES GROUP	278,000	102,860	110,000	40,700	388,000	143,560	1,688,829	-	-	-	-	-
OV	THE PHILODRILL-A	38,355,360	341,363	10,052,902	89,471	48,063,563	427,766	344,699	3,068	-	-	-	-
PA	PACIFICA HOLDINGS, INC.	262,200	249,090	-	-	262,200	249,090	-	-	-	-	-	-
PAL	PAL HOLDINGS, INC. (FORMER BAGUIO)	468,114	1,778,833	77,000	292,600	545,114	2,071,433	-	-	-	-	-	-
PBB	PHIL. BUSINESS BANK	174,729	1,345,413	-	-	174,729	1,345,413	-	-	-	-	-	-
PBC	PHIL. BANK OF COMMUNICATIONS	86,473	1,444,099	-	-	86,473	1,444,099	-	-	-	-	-	-
PCOR	PETRON CORPORATION	744,800	1,847,104	78,000	193,440	814,531	2,020,037	8,269	20,507	-	-	-	-
PCP	PICOP RESOURCES, INC.	248,530	-	-	-	248,530	-	-	-	-	-	-	-
PERC	PETROENERGY RESOURCES CORP.	47,505	166,268	-	-	47,505	166,268	-	-	-	-	-	-
PGOLD	PUREGOLD PRICE CLUB, INC.	158,500	6,023,000	4,310	15,085	158,500	6,023,000	-	-	-	-	-	-
PHA	PREMIERE HORIZON ALLIANCE - (PEP)	55,000	13,035	190,000	45,030	245,000	58,065	-	-	-	-	-	-
PHC	PHILCOMSAT HOLDINGS CORP.	173,934	246,442	-	-	167,934	246,442	6,000	-	-	-	-	-
PHN	PHINMA CORP. (FORMERLY-BCI)	14,757	-	-	-	14,757	-	-	-	-	-	-	-
PIZZA	SHAKEY'S PIZZA ASIA VENTURES, INC.	2,000	13,600	-	-	2,000	13,600	-	-	-	-	-	-
PLUS	DIGIPLUS INTERACTIVE CORP.(FR.LR)	124,793	2,021,647	-	-	124,793	2,021,647	-	-	-	-	-	-
PMT	PRIMETOWN PROPERTY GROUP, INC.	6,000	-	-	-	6,000	-	-	-	-	-	-	-
PNB	PHIL. NATIONAL BANK	48,836	2,656,678	44,380	2,414,272	92,316	5,021,990	891	48,470	9	496	-	-
PNC	PHIL. NATIONAL CONSTRUCTION CORP.	11,326	-	-	-	11,326	-	-	-	-	-	-	-
PNX	PHOENIX PETROLEUM PHLS., INC.	45,000	-	-	-	45,000	-	-	-	-	-	-	-
PNX4	PHOENIX PETROLEUM PREF. SERIES 4	23,050	-	-	-	23,050	-	-	-	-	-	-	-
PPC	PRYCE PROPERTIES, CORP.	300	3,960	-	-	300	3,960	-	-	-	-	-	-
PPI	PHILTOWN PROPERTY, INC.	3,767	-	-	-	3,767	-	-	-	-	-	-	-
PRF3B	PETRON PERPETUAL PREF.-SERIES 3B	19,698,000	19,698,000	-	-	19,698,000	19,698,000	-	-	-	-	-	-
PRF4A	PETRON CORP. PREF. SHRS SERIES 4	5,200	5,093,400	-	-	5,200	5,093,400	-	-	-	-	-	-
PRF4B	PETRON CORP. PREF. SHRS. SERIES 4	4,000	3,980,000	-	-	4,000	3,980,000	-	-	-	-	-	-
PRIM	PRIME MEDIA HOLDS.(FOR FSTE/PDCP)	53,310	69,303	75,000	97,500	128,310	166,803	-	-	-	-	-	-

H. E. BENNETT SECURITIES, INC.
 STOCK POSITION PER LOCATION REPORT
 As of December 31, 2025

STOCK CODE	NAME OF STOCKS	CUSTOMER'S ACCOUNT		DEALER'S ACCOUNT		PHIL. CENTRAL DEPOSITORY		IN VAULT		TRANSFER OFFICE		IN TRANSIT	
		No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value
VLL	VISTA LAND & LIFESCAPES, INC.	88,998,100	92,538,024	156,000	162,240	89,154,100	92,720,264	-	-	-	-	-	-
VLL2B	VISTA LAND - PREF. SHRS. SERIES 2B	3,000	270,000	-	-	3,000	270,000	-	-	-	-	-	-
VMC	VICTORIAS MILL	15,898	27,504	-	-	14,948	25,860	-	-	-	-	-	-
VREIT	VISTAREIT, INC.	30,000	41,100	-	-	30,000	41,100	950	1,644	-	-	-	-
WEB	PHILWEB.COM, INC. (FORMERLY SSO)	29,890	185,318	-	-	29,890	185,318	-	-	-	-	-	-
WIN	WELLEX INDUSTRIES, INC.	625,920	162,739	-	-	625,920	162,739	-	-	-	-	-	-
WLCON	WILCON DEPOT, INC.	8,000	55,680	-	-	8,000	55,680	-	-	-	-	-	-
WPI	WATERFRONT PHILS., INC.	20,000	8,100	2,160,000	874,800	2,180,000	882,900	-	-	-	-	-	-
X	XURPAS, INC.	463,200	114,874	315,000	78,120	778,200	192,994	-	-	-	-	-	-
ZHI	ZEUS HOLDINGS, INC.	104,800	7,022	-	-	104,800	7,022	-	-	-	-	-	-
Total		786,612,796	972,437,357	55,103,054	19,102,801	836,270,220	988,070,204	6,486,057	3,483,639	959,473	86,315	-	-

SCHEDULE VII

H. E. BENNETT SECURITIES, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE
AMENDED SRC RULE 68
FINANCIAL SOUNDNESS INDICATORS
 For The Year Ended December 31, 2025 and 2024

Current / Liquidity Ratio

	2025	2024
Total current assets	P 76,888,374	P 73,825,838
Total current liabilities	30,862,801	29,955,493
Current ratio	2.491:1	2.465:1

Quick Ratio

	2025	2024
Total liquid asset	P 76,521,012	P 72,322,469
Total current liabilities	30,862,801	29,955,493
Liquidity ratio	2.479:1	2.414:1

Working Capital to Total Asset

	2025	2024
Working capital	P 46,025,573	P 43,870,345
Total liabilities	31,353,687	29,955,493
Working capital ratio	1.468:1	1.465:1

Solvency Ratio

	2025	2024
Total assets	P 136,529,862	P 124,222,933
Total liabilities	31,353,687	29,955,493
Solvency ratio	4.355:1	4.147:1

Debt-to-equity Ratio

	2025	2024
Total liabilities	P 31,353,687	P 29,955,493
Total equity	105,176,175	94,267,440
Debt-to-equity ratio	0.298:1	0.318:1

SCHEDULE VII

H. E. BENNETT SECURITIES, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE
AMENDED SRC RULE 68
FINANCIAL SOUNDNESS INDICATORS
 For The Year Ended December 31, 2025 and 2024

Asset-to-equity Ratio

	2025	2024
Total assets	P 136,529,862	P 124,222,933
Total equity	105,176,175	94,267,440
Asset to equity ratio	1.298:1	1.318:1

Interest Rate Coverage Ratio

	2025	2024
Pre-tax profit (loss) before interest	P 5,384,672	P (5,792,155)
Interest expense	-	-
Interest rate ratio	N/A	N/A

Profitability Ratio

	2025	2024
Net profit (loss) after tax	P 3,555,775	P (3,217,849)
Total equity	105,176,175	94,267,440
	0.034:1	-0.034:1

a.) Return on asset ratio

	2025	2024
Net income (loss) after tax	P 3,555,775	P (3,217,849)
Average assets	130,376,398	134,159,554
	0.027:1	-0.024:1

b.) Return on equity ratio

	2025	2024
Net profit (loss) after tax	P 3,555,775	P (3,217,849)
Average equity	99,721,808	96,386,815
	0.036:1	-0.033:1

SCHEDULE VII

H. E. BENNETT SECURITIES, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE
AMENDED SRC RULE 68
FINANCIAL SOUNDNESS INDICATORS
 For The Year Ended December 31, 2025 and 2024

c.) Gross Profit Margin Ratio

	2025	2024
Net profit (loss) before tax	P 5,384,672	P (5,792,155)
Gross profit (loss)	6,444,458	(5,355,702)
	0.836:1	1.081:1

d.) Profit margin

	2025	2024
Net profit (loss) after tax	P 3,555,775	P (3,217,849)
Revenue (Loss)	9,969,214	(1,749,865)
	0.357:1	1.839:1

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
For the Reporting Period Ended December 31, 2025

H. E. BENNETT SECURITIES, INC.
Unit 1704 World Trade Exchange Building, 215 Juan Luna St. Binondo, Manila

Unappropriated Retained Earnings, beginning of reporting period	₱ 16,573,770
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
• Reversal of Retained Earnings Appropriation/s	-
• Effect of restatements or prior-period adjustments	-
• Fair value income (loss) on OCI	<u>200,000</u>
	200,000
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
• Dividends declaration during the reporting period	-
• Retained Earnings appropriated during the reporting period	711,155
• Effect of restatements or prior-period adjustments	-
• Others	<u>-</u>
	711,155
Unappropriated Retained Earnings, as adjusted	16,062,615
Add/Less: Net Income (Loss) for the current year	2,013,384
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
• Equity in net income of associate/joint venture, net of dividends declared	-
• Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
• Unrealized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	46,703
• Unrealized fair value gain of Investment Property	-
• Other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-
• Sub-total	<u>-</u>
	46,703
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
• Realized foreign exchange gain, except those attributable to cash and cash equivalents	-
• Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
• Realized fair value gain of Investment Property	-
• Other realized gains or adjustments to retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-
• Sub-total	<u>-</u>
	-

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
For the Reporting Period Ended December 31, 2025

H. E. BENNETT SECURITIES, INC.
Unit 1704 World Trade Exchange Building, 215 Juan Luna St. Binondo, Manila

Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)	
• Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
• Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
• Reversal of previously recorded fair value gain of Investment Property	-
• Reversal of other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-
• Sub-total	<hr/> -
Adjusted Net Income (Loss)	<hr/> 1,966,681 <hr/>
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
• Depreciation on revaluation increment (after tax)	-
• Sub-total	<hr/> -
Add/Less: Category E: Adjustments related to relief granted by SEC and BSP	
• Amortization of the effect of reporting relief	-
• Total amount of reporting relief granted during the year	-
• Others	-
• Sub-total	<hr/> -
Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution	
• Net movement of treasury shares (except for reacquisition of redeemable shares)	-
• Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
• Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
• Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
• Others	-
• Sub-total	<hr/> -
TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD AVAILABLE FOR DIVIDEND DECLARATION	<hr/> <u>P 18,029,296</u> <hr/>