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

ANNUAL AUDITED FINANCIAL REPORT

Information Required of Brokers and Dealers Pursuant to Section 52.1-5 of the SRC
Report for the Year Beginning January 1, 2025 and Ending December 31, 2025

IDENTIFICATION OF BROKER OR DEALER	
Name of Broker/Dealer:	Litonjua Securities, Inc.
Address of Principal Place of Business:	2 nd Floor Ditz Building 444 T. M. Kalaw Street Ermita, Manila
Name and Phone Number of Person to Contact in Regard to this Report:	Charmaine G. Fernandez 09976684768

IDENTIFICATION OF ACCOUNTANT	
Name of Firm:	A.M. Yu & Associates
Address:	6F West Star Business Center Building No. 31 Shorthorn St., Brgy. Bahay Toro Proj. 8, Quezon City, Philippines 1106
Trunkline:	+63 2 8236-4935; +63 2 8351-6288
Facsimile:	+63 2 8351-5723 loc. 412
Website:	www.amyucpas.com
PRC/BOA Reg.	4589 (valid until Nov. 18, 2028)
SEC Accred. No.	(Group A) 4589-SEC (valid until Jan. 4, 2026, extended to cover 2025 financial statements)
BIR Accred. No.	07-000157-002-2024 (valid until Jan. 29, 2027)
Signing Partner:	Evelyn M. Dinglasan CPA License No. 34316, valid until December 06, 2027 Tax Identification No. 131-886-894 SEC Accreditation No. 34316-SEC, Group A, issued April 04, 2023, valid for five (5) years covering the audits of 2022 to 2026 financial statements of SEC Covered Institutions BIR Accreditation No. 07-000170-004-2024, issued February 20, 2024, valid until February 19, 2027 PTR No. 8428955, issued January 13, 2026, Quezon City

LITONJUA SECURITIES INC.

2nd Floor #444 TM Kalaw St., Ermita Manila

Telephone number : 8521 – 1951 to 54

Email address : evl_securities@yahoo.com.ph

Statement of Management's Responsibility for Financial Statements

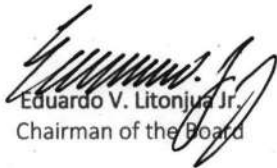
The Management of Litonjua Securities, Inc. (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended December 31, 2025 and 2024, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards, and for such internal control as Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

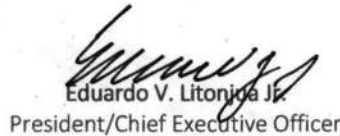
In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Company or 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.

A.M. Yu & Associates, the independent auditors appointed by the shareholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


Eduardo V. Litonjua Jr.
Chairman of the Board


Eduardo V. Litonjua Jr.
President/Chief Executive Officer

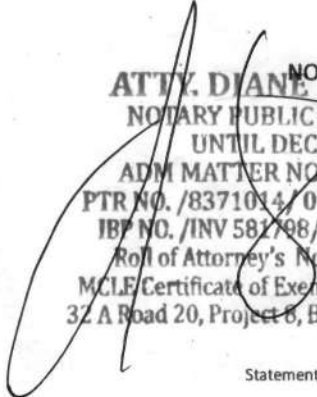

Gloria V. Litonjua
Treasurer

Signed this MAR 27 2026 day of _____, 2026.

SUBSCRIBED AND SWORN to before me, a Notary Public for and in QUEZON CITY, Philippines, this MAR 27 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.

Name	Tax Identification Number
Eduardo V. Litonjua Jr.	169-060-352
Gloria V. Litonjua	169-060-344

Doc. No. 896
Page No. 80
Book No. XII
Series of 2026


NOTARY PUBLIC
ATTY. DIANE M. ABOLUCION
NOTARY PUBLIC FOR QUEZON CITY
UNTIL DECEMBER 2026
ADM MATTER NO. - 055 (2025-2026)
PTR NO. /8371014 / 05 Jan 2026 / Quezon City
IBF NO. /INV 582798 / 01 Jan 2026 / Pasig City
Roll of Attorney's No. 75460 / 27 July 2020
MCLE Certificate of Exemption No. VIII-BEP002760
32 A Road 20, Project 6, Brgy. Bahay Toro, Quezon city

Litonjua Securities, Inc.
Statement of Management's Responsibility
for Financial Statements



Independent Auditors' Report

The Board of Directors and Shareholders

Litonjua Securities, Inc.

2nd Floor Ditz Building
444 T. M. Kalaw Street
Ermita, Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Litonjua Securities, Inc.** (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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 of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants in the Philippines (Code of Ethics)* together with the ethical requirements that are relevant to our audits of the financial statements in 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.

A.M. Yu & Associates

6F West Star Business Center Building,
No. 31 Shorthorn St., Brgy. Bahay Toro,
Proj. 8, Quezon City, Philippines 1106

Trunkline: +63 2 8236-4935 ; +63 2 8351-6288
Website: www.amyucpas.com

Firm Regulatory Registration & Accreditations:

PRC-BOA Reg. No. 4589, valid until Nov. 18, 2028
SEC Accred. No. 4589-SEC, Group A, valid for five years
covering the audits of 2020 to 2024 financial
statements of SEC Covered Institutions,
extended to cover 2025 financial statements
BIR Accred. No. 07-000157-002-2024,
valid until Jan. 29, 2027



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

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

Auditors' Responsibilities for the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 30 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A.M. YU & ASSOCIATES


Evelyn M. Dinglasan

Partner

CPA License No. 34316, valid until December 06, 2027

Tax Identification No. 131-886-894

SEC Accreditation No. 34316-SEC, Group A,

issued April 04, 2023, valid for five (5) years covering the audits of
2022 to 2026 financial statements of SEC Covered Institutions

BIR Accreditation No. 07-000170-004-2024,

issued February 20, 2024, valid until February 19, 2027

PTR No. 8428955, issued January 13, 2026, Quezon City

March 27, 2026

Quezon City



LITONJUA SECURITIES, INC.

Statements of Financial Position

	Note/s	Money Balance		Security Position			
		As at December 31,		2025		2024	
		2025	2024	Long	Short	Long	Short
ASSETS							
Current assets:							
Cash & cash equivalents	6	₱ 58,435,371	₱ 51,487,903				
Financial assets at FVPL	7	13,848,451	15,328,690	₱ 13,848,451		₱ 15,328,690	
Trade & other receivables	8	62,235	–	44,961,316		13,787,412	
Short-term investments	9	–	5,512,644				
Advances to related parties – net	24	11,249,952	11,249,952				
Other current assets	10	156,829	133,425				
Total current assets		₱ 83,752,838	₱ 83,712,614				
Non-current assets:							
Property & equipment – net	11	₱ –	₱ –				
Intangible assets	12	3,800,000	3,800,000				
Investment in securities	13	1,743,350	–	1,743,350		–	
Deferred tax assets	22	1,274,463	1,492,566				
Other non-current assets	14	28,956	28,719				
Total non-current assets		₱ 6,846,769	₱ 5,321,285				
TOTAL ASSETS		₱ 90,599,607	₱ 89,033,899				

Securities in Vault and Philippine Depository & Trust Corp.
(forward)

₱ 281,740,337

₱ 215,997,022

LITONJUA SECURITIES, INC.

Statements of Financial Position (continued)

	Note/s	Money Balance		Security Position			
		As at December 31,		2025		2024	
		2025	2024	Long	Short	Long	Short
LIABILITIES & EQUITY							
Current liabilities:							
Trade & other payables	15	₱ 853,957	₱ 548,163	₱ 221,187,220		₱ 186,880,920	
Other current liabilities	16	₱ 31,961	₱ 20,812				
Total current liabilities		₱ 885,918	₱ 568,975				
Non-current liabilities:							
Deferred tax liabilities	22	₱ 499,755	₱ 450,156				
Total current liabilities		₱ 499,755	₱ 450,156				
Total liabilities		₱ 1,385,673	₱ 1,019,131				
Equity:							
Share capital	17	₱ 53,250,000	₱ 53,250,000				
Accumulated profits		₱ 34,920,213	₱ 33,840,964				
Appropriation reserves	17	₱ 1,043,721	₱ 923,804				
Total equity		₱ 89,213,934	₱ 88,014,768				
TOTAL LIABILITIES & EQUITY		₱ 90,599,607	₱ 89,033,899	₱ 281,740,337	₱ 281,740,337	₱ 215,997,022	₱ 215,997,022

See accompanying notes to the financial statements.

LITONJUA SECURITIES, INC.

Statements of Comprehensive Income

	Note/s	For the years ended December 31,	
		2025	2024
Revenues	18	₱ 115,856	₱ 32,878
Cost of services	19	(781,624)	(760,999)
Gross loss		₱ (665,768)	₱ (728,121)
Other operating income	18	976,202	3,827,890
General & administrative costs	20	(1,133,268)	(1,270,559)
Operating profit (loss)		₱ (822,834)	₱ 1,829,210
Interest income	18	2,851,540	1,171,581
Other income	18	8,470	1,650
Profit before tax		₱ 2,037,176	₱ 3,002,441
Income tax expense	22	(838,010)	(534,991)
Profit for the year		₱ 1,199,166	₱ 2,467,450
Basic earnings per share	23	₱ 2.25	₱ 4.63

See accompanying notes to the financial statements.

LITONJUA SECURITIES, INC.

Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

Note/s		Share Capital 17		Accumulated Profits		Appropriation Reserves 17		Total Equity
Balances at January 1, 2025	₱	53,250,000	₱	33,840,964	₱	923,804	₱	88,014,768
Profit for the year		–		1,199,166		–		1,199,166
Appropriation per SRC Rule 49.1		–		(119,917)		119,917		–
Balances at December 31, 2025	₱	53,250,000	₱	34,920,213	₱	1,043,721	₱	89,213,934
Balances at January 1, 2024	₱	53,250,000	₱	31,620,259	₱	677,059	₱	85,547,318
Profit for the year		–		2,467,450		–		2,467,450
Appropriation per SRC Rule 49.1		–		(246,745)		246,745		–
Balances at December 31, 2024	₱	53,250,000	₱	33,840,964	₱	923,804	₱	88,014,768

See accompanying notes to the financial statements.

LITONJUA SECURITIES, INC.

Statements of Cash Flows

		For the years ended December 31,	
	Note/s	2025	2024
Cash flows from operating activities:			
Profit for the year before tax		₱ 2,037,176	₱ 3,002,441
Adjustments for:			
Interest income	18	(2,851,540)	(1,171,581)
Dividend income	18	(713,091)	(1,684,505)
Provision for ECLs	20, 24	–	122,284
Unrealized gain on financial assets at FVPL	7, 18	(263,111)	(2,143,385)
Operating loss before working capital adjustments		₱ (1,790,566)	₱ (1,874,746)
Working capital adjustments:			
Decrease (Increase) in:			
Financial assets at FVPL		1,743,350	27,320,000
Trade & other receivables		(62,235)	5,000
Other current assets		(23,404)	(9,299)
Investment in securities with no ready market		(1,743,350)	–
Other non-current assets		(237)	(74)
Increase (Decrease) in:			
Trade & other payables		305,794	185,833
Other current liabilities		11,149	(1,072)
Net cash generated from (used in) operations		₱ (1,559,499)	₱ 25,625,642
Interest received	18	2,851,540	1,171,581
Dividends received	18	713,091	1,684,505
Income tax paid		(570,308)	(234,316)
<i>Net cash provided by operating activities</i>		₱ 1,434,824	₱ 28,247,412
Cash flows from investing activities:			
Short-term investments	9	₱ 5,512,644	₱ (5,512,644)
<i>Net cash provided by (used in) investing activities</i>		₱ 5,512,644	₱ (5,512,644)
Net increase in cash		₱ 6,947,468	₱ 22,734,768
Cash at beginning of the year	6	51,487,903	28,753,135
Cash at end of the year	6	₱ 58,435,371	₱ 51,487,903

See accompanying notes to the financial statements.

LITONJUA SECURITIES, INC.

Notes to the Financial Statements

As at December 31, 2025 and 2024, and
for the years ended December 31, 2025 and 2024

1. Reporting Entity

1.1 Formation and Operations

Litonjua Securities, Inc. (the Company) was incorporated under the laws of the Republic of the Philippines and duly registered with the Securities and Exchange Commission (SEC) on December 3, 1969. The Company is primarily engaged in as a dealer in stock and bond brokers and dealers in securities. The Company has been a member of the Philippine Stock Exchange (PSE or the Exchange) since February 22, 1995 and is registered with the Philippine Central Depository (PCD).

The registered office address of the Company, which is also its principal place of business, is located at 2nd Floor Ditz Building, 444 T.M. Kalaw St., Ermita, Manila.

1.2 Approval on the Release of the Financial Statements

The accompanying financial statements of the Company as at and for the year ended December 31, 2025 (including comparative amounts as at and for the year ended December 31, 2024) were approved and authorized for issue by the Board of Directors (BOD) on March 27, 2026.

2. Basis of Preparation

The accompanying financial statements of the Company have been prepared using the measurement bases specified by the Philippine Financial Reporting Standards (PFRS) Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in accounting policies that follow.

2.1 Statement of Compliance

The accompanying financial statements of the Company have been prepared in compliance with the PFRS Accounting Standards and are prepared for submission to the SEC and the Bureau of Internal Revenue (BIR).

The PFRS Accounting Standards include all applicable PFRS, Philippines Accounting Standards (PAS), interpretations of the Philippine Interpretations Committee (PIC), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC). These standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by the Philippine Board of Accountancy (BOA).

2.2 Going Concern Assumption

The preparation of the accompanying financial statements of the Company is based on the premise that the Company operates on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business. The management does not intend to liquidate nor cease its operations.

2.3 Functional and Presentation Currency

The financial statements are presented in Philippine Peso (₱), the Company's functional and presentation currency, and all values are rounded to the nearest peso except when otherwise indicated.

3. Changes in Accounting Policies

The Company's accounting policies are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements:

3.1 Amended Standards Effective in 2025

The following amendments to existing standards are mandatory for the first time for the financial year beginning January 1, 2025:

a.) PAS 21 (amendments), *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 also require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

The adoption of these amendments has no significant impact on the Company's financial statements, as there were no foreign currency-related transactions for both reporting periods presented.

3.2 New and Amended Standards Effective Subsequent to 2025 but not Early Adopted

Pronouncements issued but not yet effective as at December 31, 2025 are listed below. The Company intends to adopt the following pronouncements when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new pronouncements to have a significant impact on the financial statements.

Effective beginning on or after January 1, 2026

a.) PFRS 9 and PFRS 7 (amendments), *Amendments to the Classification and Measurement of Financial Instruments*.

The amendments clarify that a financial liability is derecognized on the 'settlement date' and 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. Other clarifications include:

- 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.
- clarify the treatment of non-recourse assets and contractually linked instruments.
- introduce additional disclosure requirements in PFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. An entity is required to apply these amendments retrospectively. However, an entity is not required to restate prior periods to reflect the application of the amendments unless it can clearly demonstrate that hindsight has not been used to make those changes.

The Company is currently assessing the impact the amendments will have on current practice.

b.) PFRS 9 and PFRS 7 (amendments), *Contracts Referencing Nature-dependent Electricity*.

The amendments clarify the accounting for contracts whose pricing or settlement terms depend on nature-dependent electricity factors. The amendments also specify when variability arising from such factors is considered closely related to the host contract and, therefore, does not require separation as an embedded derivative. Related disclosure requirements under PFRS 7 are also updated.

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

The Company does not expect the amendments to have a material impact on its financial statements as it does not enter into electricity contracts with weather-dependent pricing features.

Effective beginning on or after January 1, 2027

a.) 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 February 14, 2025, the FSRSC approved the amendment to PFRS 17 Insurance Contracts that sets the new effectivity from January 1, 2025 to January 1, 2027. This is consistent with Circular Letter No. 2025-04 issued by the Insurance Commission which further extends the initial application period by two (2) years. PFRS 17 is effective for reporting periods beginning on or after January 1, 2027, with comparative figures required. Early application is permitted beginning January 1, 2025.

The new standard is not applicable to the Company since it has no activities that are predominantly connected with insurance or issue insurance contracts.

b.) PFRS 18, *Presentation and Disclosure in Financial Statements*.

PFRS 18 is a new accounting standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in PFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

PFRS 18 replaces PAS 1, *Presentation of Financial Statements*. Requirements in PAS 1 that are unchanged have been transferred to PFRS 18 and other Standards.

PFRS 18 will apply for reporting periods beginning on or after January 1, 2027, with comparative figures required. Early application is permitted.

The adoption of this standard will have an impact on the Company's presentation and disclosures of its 'operating profit or loss', but not on the recognition or measurement of any items in the financial statements.

c.) PFRS 19, *Subsidiaries without Public Accountability: Disclosures*.

PFRS 19 is a disclosure-only standard that allows eligible subsidiaries to apply reduced disclosure requirements while still adhering to the recognition, measurement, and presentation requirements of other PFRS Accounting Standards.

A subsidiary may choose to apply PFRS 19 provided that it meets the following criteria:

- it does not have public accountability; and
- its parent produces consolidated financial statements that are available for public use under PFRS Accounting Standards.

PFRS 19 will apply for reporting periods beginning on or after January 1, 2027, with earlier application permitted. During the first period in which an entity applies the standard, it is required to disclose comparative information for current year amounts as required by PFRS 19, unless another PFRS accounting standard permits or requires otherwise.

The Company is currently assessing the impact this new standard will have on its current practices.

Deferred

a.) PFRS 10 (amendments), *Consolidated Financial Statements*, and PAS 28 (amendments), *Investments in Associates and Joint Ventures – 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, 2020, the FSRSC deferred the original effective date of January 1, 2020 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.

The amendments are not expected to have a material impact on the financial statements.

3.3 Annual Improvements to PFRS Accounting Standards

The annual improvements to PFRS Accounting Standards contain non-urgent but necessary amendments to PFRS Accounting Standards. The amendments are effective for annual periods beginning on or after January 1, 2026, with early application permitted.

a.) PFRS 1, *First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter*.

The amendments include cross-references to the qualifying criteria for hedge accounting in PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

b.) PFRS 7, *Financial Instruments: Disclosures – Gain or Loss on Derecognition*.

The amendments replace the phrase 'inputs that were not based on observable market data' with 'unobservable inputs' to make the wording consistent with the wording in PFRS 13, *Fair Value Measurements*.

c.) *Guidance on Implementing PFRS 7 Financial Instruments: Disclosures – Disclosure of Deferred Difference Between Fair Value and Transaction Price and Introduction and Credit Risk Disclosures.*
The amendments to the Guidance on implementing PFRS 7 are as follows:

- clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7, nor does it create additional requirements;
- made the wording consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts and terminology in PFRS 9 and PFRS 13; and
- simplify the explanation of which aspects of the PFRS Accounting Standards requirements are not illustrated in the example.

d.) *PFRS 9, Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price.*
The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

The amendments also replace 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.

e.) *PFRS 10, Consolidated Financial Statements – Determination of a 'De Facto Agent'.*
The amendments clarify that the relationship described in the paragraph B74 of PFRS 10 is just one of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

f.) *PAS 7, Statements of Cash Flows– Cost Method.*
The amendments replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

4. Summary of Material Accounting Policies

The material accounting policies that have been used in the preparation of the financial statements are summarized below and have been applied consistently to all years presented, unless otherwise stated.

4.1 Current versus Non-current Classification

The Company presents assets and liabilities in the statements of financial position based on current or non-current classification. An asset is classified as current when it is:

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

A liability is classified as current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or,
- There is no right to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other assets and liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

4.2 Cash & Cash Equivalents

Cash includes cash in banks. It is unrestricted in use and is measured at face value. Face value represents amortized cost. Cash in banks earns interest at the prevailing bank deposit rates.

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash with original maturity of three months or less from date of acquisition and are subject to an insignificant risk of change in value.

4.3 Fair Value Measurement

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

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

The principal or the most advantageous market must be accessible to 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 non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of observable inputs.

Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

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

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

The Company's management determines the policies and procedures for both recurring and non-recurring fair value measurements.

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

4.4 Financial Instruments

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

Date of Recognition

The Company recognizes a financial asset or a financial liability in the statements of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date on which the Company commits to purchase or sell the assets.

"Day 1" Difference

When the transaction price 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 unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized 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 amount.

Initial Recognition

The Company initially measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at transaction price determined under PFRS 15.

Classification and Subsequent Measurement of Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI or FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss (debt instruments);
- Financial assets designated at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss (equity instruments); or,
- Financial assets at FVPL

Financial Assets at Amortized Cost. The Company measures financial assets at amortized cost if both of the following conditions are met:

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

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

Financial assets at amortized cost includes cash & cash equivalents, trade & other receivables, short-term investments, CTGF refundable contributions and advances to related parties.

Trade & Other Receivables. Trade receivables refer to claims on customers for the securities purchased on their behalf that are unsettled at the end of the reporting period. Other receivables are consist of advances to officers & employees which are collectible in cash within 12 months.

Short-term Investments. These represent excess cash transferred to short-term interest bearing investments.

CTGF Refundable Contributions. These pertain to contributions made by clearing members of the Securities Clearing Corporation of the Philippines (SCCP). These are refundable to clearing members upon cessation of their business and/or termination of their membership with SCCP, under certain conditions.

Advances to Related Parties. These are non-interest bearing, unsecured advances made to related parties and payable on demand.

Financial Assets at FVOCI – Debt Instruments. The Company measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

These financial assets are subsequently measured at fair value. Gains and losses arising from changes in fair value are included in OCI within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit or loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost.

Financial Assets at FVOCI – Equity Instruments. The Company may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. The classification is determined on an instrument-by-instrument basis.

Gains or losses on these financial assets are never recycled to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial Assets at FVPL. Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments

may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognized in the statements of comprehensive income.

As of reporting date, the Company does not have any debt or equity instruments at FVOCI.

Classification and Subsequent Measurement of Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL or financial liabilities at amortized cost.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual agreement 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.

After initial recognition, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

Financial liabilities at amortized cost include trade & other payables.

Trade & Other Payables. Trade payables refer to claims of customers in the ordinary course of business operations. Other payables consist of dividends payable, which are declared by separate public entities, and trading fees.

Financial Liabilities at FVPL. Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVPL.

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

Gains or losses on liabilities held for trading are recognized in the statements of comprehensive income.

A financial liability may be designated at FVPL if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch);
- a host contract contains one or more embedded derivatives; or,
- a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in OCI.

The Company has not designated any financial liability at FVPL. As of reporting date, the Company has no financial liability at FVPL.

Reclassification of Financial Instruments

The Company reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Company and any previously recognized gains, losses or interest shall not be restated. The Company does not reclassify its financial liabilities.

Classification of Financial Instruments Between Debt and Equity

Financial instruments are classified as debt or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- deliver cash or another financial asset to another entity; or
- 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.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Derecognition

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

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

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

A financial liability is derecognized when the obligation under the financial liability is discharged or cancelled or has expired. Where 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 financial liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Offsetting Financial Instruments

Financial assets and 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 an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assess that it has a currently enforceable right to offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

4.5 Property & Equipment

These are tangible assets that are held for use in 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.

Initial Recognition

The initial cost of property & equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent Expenditures

Expenditures incurred after the property & equipment have been put into operation, such as repairs and maintenance, are normally charged against operations in the period which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property & equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property & equipment.

Subsequent Measurement

Property & equipment accounted for under the cost model and are stated at cost less accumulated depreciation and any impairment in value.

Depreciation Method

Depreciation of property & equipment commences once the property & equipment are available for use and computed using the straight-line method to allocate their cost over their estimated useful life (EUL), as follows:

<u>Asset</u>	<u>Estimated Useful Life</u>
Computer equipment	3 years

The EUL and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property & equipment.

Derecognition

Fully depreciated property & equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations. When property & equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated

impairment loss, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

4.6 Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substances which are controlled by the Company as a result of past events and from which economic benefits are expected to flow to the Company.

Initial Recognition

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Internally-generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statements of comprehensive income in the year in which the expenditure is incurred.

Subsequent Measurement

Intangible assets are accounted for under the cost model. Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses, while intangible assets with indefinite useful lives are not amortized and are stated at cost less any accumulated impairment losses.

Amortization Method

The EULs of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortized over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at cash-generating unit (CGU) level. The EUL of an intangible asset is reviewed annually to determine whether indefinite useful life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is made on a prospective basis.

Trading Right. This is the result of the conversion plan to preserve the Company's access to the trading facilities and for it to continue to transact business at the PSE. This right is deemed to have indefinite useful life since it is expected to generate net cash inflows indefinitely.

Derecognition

A gain or loss arising from retirement or disposal of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the statements of comprehensive income when the asset is derecognized.

4.7 Other Assets

Other assets mainly consist of prior year's excess credits. Other assets are carried at cost less any impairment losses. Other assets that are expected to be realized within 12 months after reporting date are classified as current assets. Otherwise, these are classified as non-current assets.

4.8 Impairment of Assets

If an asset's carrying amount is higher than its recoverable amount, the asset is judged to have suffered an impairment loss. The asset shall therefore be written-down to its recoverable amount and the difference shall be reported as impairment loss chargeable against operations during the period the loss was recognized.

Financial Assets

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

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

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial Assets

The Company assesses at each reporting date whether there is an indication that its non-financial assets (e.g., property and equipment, investment properties, and intangible assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is calculated as the higher of the asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In determining fair value less costs to sell, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses are recognized in the expense categories of profit or loss consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there

has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of accumulated depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

4.9 Other Liabilities

Other liabilities mainly consist of stock transaction tax payable, statutory contributions payable, and withholding taxes payable. Other liabilities that are expected to be earned or settled within 12 months after reporting date are classified as current liabilities. Otherwise, these are classified as non-current liabilities.

4.10 Value-Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

Output tax pertains to the 12% VAT received or receivable on the local rendering of services by the Company. Input tax pertains to the 12% VAT paid or payable by the Company in the course of its trade or business on purchase of goods or services. At the end of each taxable period, if output tax exceeds input tax, the outstanding balance is paid to the taxation authority. If input tax exceeds output tax, the excess shall be carried over to the succeeding months.

The input and output taxes are presented at gross amounts and are included under 'Other current assets' and 'Other current liabilities,' respectively, in the statements of financial position.

4.11 Equity

Equity is the residual interest in the assets of the Company after deducting all of its liabilities. It is increased by profitable operations and contribution by owners but is decreased by unprofitable operations and distribution to owners.

Share Capital

Share capital is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a reduction from proceeds, net of tax. Proceeds and/or fair value of consideration received in excess of par value are recognized as share premium.

Accumulated Profits

Accumulated profits represent the cumulative balance of net profit or loss, dividend distributions, effect of changes in accounting policy and other capital adjustments. These represent unrestricted earnings which can be declared as dividends to shareholders.

Appropriation Reserves

Appropriation reserves represent restricted earnings which cannot be declared as dividends due to legal, contractual or voluntary purposes.

4.12 Revenue Recognition

Revenue from Contracts with Customers

The Company is in the business of stock brokerage and dealers in securities and other incidental related to the main operations of the Company.

Revenue from contracts with customers is recognized when control of services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company assesses its revenue arrangement against specific criteria in order to determine if it is acting as a principal or an agent.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- i. the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- ii. the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- iii. the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

Commission Income. Commission income refers to fees earned by brokers and dealers in making a sale or closing a deal. It is recognized on trade date upon confirmation by the customer of the buying and selling of securities executed on their behalf and documented by an invoice. Commissions earned are based on customer's trading volume.

Dividend Income. Dividend income is recognized when the right to receive payment is established, which is the date of declaration.

Unrealized Market Gain on FAFVPL. Unrealized gains are recognized when the market value at cut-off date is higher than the assets carrying amount.

Interest Income. Interest income is recognized as the interest accrues using the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount.

Other Income. This consist of miscellaneous income, recognized in profit or loss in the period in which they are earned.

4.13 Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Costs and expenses are recognized in profit or loss in the statements of comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or,
- immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, cease to qualify, for recognition in the statements of financial position as an asset.

Cost of Services

The cost of services recognized in profit or loss is determined with reference to the specific costs incurred such as personnel costs, stock exchange dues and fees and central depository fee. It is recognized as expense when services are actually rendered.

General & Administrative Expenses

Administrative expenses normally include costs of administering the business as incurred by administrative departments.

4.14 Employee Benefits

Employee benefits are all forms of consideration given by the Company in exchange for services rendered by employees or for the termination of employment.

Short-term Benefits

These benefits are recognized as expense in the period when the economic benefit is given or as an asset when such costs may be capitalized and is measured at an undiscounted basis. These include salaries, wages and social security contributions, leave entitlement, profit-sharing, bonuses, and other non-monetary benefits.

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefits, or other long-term employee benefits.

Retirement Benefits

The Company does not have a defined contribution plan or any formal retirement plan that covers the retirement benefits of its employees. However, under the existing regulatory framework, Republic Act No. 7641, otherwise known as the *Philippine Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining agreement and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Republic Act No. 7641 relates to a defined benefit plan. A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company. The Company's defined benefit post-employment plan covers all regular full-time employees.

4.15 Income Tax

Income tax expense is composed of current and deferred tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in OCI, in which case it is recognized in equity or OCI.

Current Tax

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The current tax assets included in other current assets (presented as prepayments) and current tax liabilities presented as current tax payable are presented at gross amounts in the statements of financial position.

Deferred Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except;

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,
- in respect of taxable temporary differences associated with investments in subsidiaries and associates and interest in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and by the parent, venture or investor, respectively, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences the carry-forward benefits of unused tax credits and any unused tax losses from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and net operating loss carryover (NOLCO) to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward benefits of unused tax credits and unused tax losses can be utilized except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,
- in respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Deferred tax relating to items recognized in Other Comprehensive Income (OCI) account are included in OCI account in the statements of comprehensive income and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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 the deferred taxes relate to the same taxable entity and levied by the same taxation authority.

4.16 Earnings per Share (EPS) Attributable to Equity Holders

Basic EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent, after recognition of the dividend requirement of preferred shares, as applicable, by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on EPS.

As the Company has no dilutive potential common shares outstanding, basic and diluted EPS are stated at the same amount.

4.17 Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) 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. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented as part of profit or loss in the statements of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to the 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 financial statements when an inflow of economic benefits is probable.

4.18 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

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 parties 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 Company that gives them significant influence over the Company and close members of the family of any such individual; and,
- d.) the Company's retirement plan.

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

4.19 Events After the Reporting Period

Post year-end events that provide additional information about the Company's financial position at the reporting period (adjusting events), if any, are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

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

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

5.1 Judgments

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

a.) *Classification of Financial Instruments*

Management exercises certain judgments in determining the cash flow characteristics of its financial assets and the Company's business model for managing them. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Company determines its business model at the level that best reflects how it manages groups of financial assets and contract assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets and contract assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets and contract assets held within that business model) and, in particular, the way those risks are managed; and,
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

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

b.) *Provisions and Contingencies*

The Company, in the ordinary course of business, sets up appropriate provisions for its present obligations (legal or constructive) in accordance with its policies on provisions and contingencies. The estimate of probable costs for the resolution of possible claims has been developed in consultation with its legal counsel and is based upon an analysis of potential results.

The Company is not currently involved in any legal proceedings, but is involved in tax audits and assessments that are normal to its business. Tax audits and assessments may arise from the uncertainty that exists with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Estimated provisions are established for possible consequences of audits by the tax authorities which are based on factors such as experience of previous tax audits, and differing interpretations by the taxable entity and the responsible tax authority.

Management does not believe that the outcome of this matter will significantly affect the results of operations. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to this proceeding.

c.) *Recognition of Deferred Tax Assets*

The Company's assessment on the recognition of deferred tax assets as deductible temporary differences is based on projected taxable income in the following periods. Based on the Company's projection and assessment, the deferred tax assets recognized from deductible and taxable temporary differences are expected to be realized in the following periods.

5.2 Estimates and Assumptions

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a.) *Fair Values of Financial Instruments*

PFRS Accounting Standards requires that financial assets and financial liabilities be carried or disclosed at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the amount of changes in fair value would differ if the Company utilized different valuation methodologies. Any change in the fair values of financial assets and financial liabilities directly affects profit or loss, equity, and the required disclosures.

Where the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair values are determined using valuation techniques that are generally-accepted market valuations including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values.

The fair values of financial assets and financial liabilities by category and their fair value hierarchy are set out in Note 25 to the financial statements.

b.) *Incorporation of Forward-looking information*

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Company has considered a range of relevant forward-looking macroeconomic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Company's evaluation and assessment and after taking into consideration external actual and forecast information, the Company considers a representative range of possible forecast scenarios. This process involves gathering two or more economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The Company has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Company has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact of ECL due to lack of reasonable and supportable information.

c.) *Definition of Default and Credit-impaired Financial Assets*

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- Quantitative Criteria. The customer is more than 90 days past due on its contractual payments, i.e. principal and/or interest, which is consistent with the regulatory definition of default.
- Qualitative Criteria. The customer meets unlikelihood to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:
 - a. The customer is experiencing financial difficulty or is insolvent
 - b. The customer is in breach of financial covenant(s)
 - c. An active market for that financial assets has disappeared because of financial difficulties
 - d. Concessions have been granted by the Company, for economic or contractual reasons relating to the customer's financial difficulty
 - e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Company's ECL calculation.

An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months as it has exhibited a satisfactory track record. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

d.) *Determination of ECL on Trade & Other Receivables and Advances to Related Parties*

The Company uses a provision matrix to calculate ECLs for trade & other receivables and advances to related parties. The provision rates are based on days past due for groupings of various patron segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogenous.

The amount of ECLs is sensitive to changes in circumstances including future economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selected inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Management has assessed that no allowance for ECLs is required to be recognized for receivables in 2025 and 2024. Provision for ECLs recognized for advances to related parties in 2025 and 2024 amounted to nil and ₱122,284, respectively. The carrying amount of receivables amounted to ₱62,235 and nil as of December 31, 2025 and 2024, respectively. The carrying amount of advances to related parties amounted to ₱11,249,952 in both years (see Notes 8 and 24).

e.) *Estimating Useful Lives of Depreciable Assets*

The Company estimates the useful lives of depreciable assets based on the period over which the assets are expected to be available for use and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The EUL of depreciable assets are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. The amounts and timing of recording of depreciation expense for any period would be affected by changes in these factors and circumstances. There were no changes in the EUL of depreciable assets in 2025 and 2024.

As of December 31, 2025 and 2024, the Company has fully depreciated property & equipment that are still in use. The gross carrying amount of these assets amounted to nil, with no related depreciation expense recognized for both years.

f.) *Impairment of Non-financial Assets*

The Company assesses impairment on its non-financial assets and considers factors such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators.

If such indicators are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's fair value less cost to sell or value in use whichever is higher. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to be generated from the continued use of the asset.

Determining the recoverable amounts of the non-financial assets, which involve determination of future cash flows expected to be generated from continued use and ultimate disposition of such assets, require the use of estimates and assumptions that can materially affect the financial statements. Future events could indicate that these non-financial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and performance of the Company.

g.) *Realizability of Deferred Tax Assets*

The Company reviews the carrying amounts at the end of each reporting period and reduced the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on NOLCO, MCIT and deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. The forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized. Details of deferred tax assets are provided in Note 22.

6. Cash & Cash Equivalents

Cash & cash equivalents include:

	2025	2024
Cash in banks	₱ 4,729,334	₱ 5,572,143
Short-term placements	53,706,037	45,915,760
Total	₱ 58,435,371	₱ 51,487,903

Cash in banks represent savings and demand deposit accounts in various universal banks that generally earn interest at their respective daily bank deposit rates. The Company also maintains a reserve bank account in compliance with the Securities Regulation Code (SRC) Rule 49.2 covering consumer protection and custody of securities. This reserve account is separate from any other bank account of the Company and computed in accordance with SEC's prescribed computations. As of December 31, 2025 and 2024, the Company's reserve bank account amounted to ₱16,653,690 and ₱16,082,859, respectively.

Short-term placements represent special savings deposit that earns 5.5% and 4.5% plus a bonus rate of 2% if no withdrawals were made in 2025 and 2024, respectively. The placement is renewable for another term after its original maturity of 31-60 days. The placement is made depending on the immediate cash requirement of the Company.

Interest income earned from cash in banks and short-term placements amounted to ₱2,698,258 in 2025 and ₱865,829 in 2024 (see Note 18).

7. Financial Assets at FVPL

This account represents equity securities that are acquired principally for the purpose of selling or repurchasing them in the near term; or part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Details of this account is as follows:

	2025	2024
Equities in the PSEi	₱ 10,267,785	₱ 11,844,800
Other equities outside the PSEi	3,580,666	3,483,890
Total	₱ 13,848,451	₱ 15,328,690

On November 29, 2024, the Company redeemed its preferred shares at par value where no trading transactions occurred that could result in realized trading gain/loss.

Dividend income earned on these investments amount to ₱713,091 and ₱1,684,505 in 2025 and 2024, respectively (see Note 18).

The Company's unrealized market gains amounted to ₱263,111 and ₱2,143,385 in 2025 and 2024, respectively (see Note 18).

8. Trade & Other Receivables

This account consists of:

	2025	2024
Advances to officers & employees	₱ 62,125	₱ –
Receivables from customers – cash	110	–
Total	₱ 62,235	₱ –

Advances to officers & employees are receivables which are collectible in cash within 12 months.

Receivables from customers comprise of amount due from customers from brokerage services rendered, including value of securities bought in behalf of customers, commissions, and other charges thereon. These securities will serve as collateral for the receivables.

All of the Company's receivables have been reviewed for indicators of impairment. Management did not recognize expected credit losses in 2025 and 2024 since the recoverability of its receivables are certain.

The Company's receivables from customers and their security valuation follows:

	2025		2024	
	Money Balance	Security Valuation	Money Balance	Security Valuation
Fully secured accounts:				
More than 250%	₱ 110	₱ 44,961,316	₱ –	₱ 13,787,412
Between 200% to 250%	–	–	–	–
Between 150% to 200%	–	–	–	–
Between 100% to 150%	–	–	–	–
Below 100%	–	–	–	–
Unsecured accounts	–	–	–	–
Total	₱ 110	₱ 44,961,316	₱ –	₱ 13,787,412

None of the receivables were pledged as collateral to secure the Company's liabilities.

9. Short-term Investments

This account consists of:

	2025	2024
Short-term investments	₱ –	₱ 5,512,644
Total	₱ –	₱ 5,512,644

Short-term investments pertain to investments in time deposits with a local bank having a maturity of six (6) months from the date of placement and earning an interest of 5.50% to 5.70% per annum.

Interest income earned from short-term investment amounted to ₱153,282 in 2025 and ₱305,752 in 2024 (see Note 18).

10. Other Current Assets

This account consists of:

	2025	2024
Input taxes	₱ 86,936	₱ 63,532
Prior year's excess credits	65,573	65,573
Other assets	4,320	4,320
Total	₱ 156,829	₱ 133,425

Input taxes are the 12% value added tax (VAT) on purchase of goods or services in the course of its trade or business. At the end of the year, input tax can be applied against output tax.

Prepayments consist of prior year's excess credits. Prepayments are credited against income tax liability at the end of the taxable year. Any excess of prepayments, if any, are either refunded, carried over to the next taxable year, or converted to tax credit certificates. Excess credits carried over from the immediately preceding to the current taxable year are classified separately as "prior year's excess credits."

Other assets are assets that are expected to be realized within 12 months after reporting date are classified as current assets.

11. Property & Equipment

The roll-forward analyses of this account are as follows:

	Computer equipment	
Cost:		
As at December 31, 2023	₱	20,706
Additions		—
As at December 31, 2024	₱	20,706
Additions		—
As at December 31, 2025	₱	20,706
Accumulated depreciation:		
As at December 31, 2023	₱	20,706
Depreciation		—
As at December 31, 2024	₱	20,706
Depreciation		—
As at December 31, 2025	₱	20,706
Carrying amount:		
As at December 31, 2024	₱	—
As at December 31, 2025	₱	—

As at December 31, 2025 and 2024, there were no indication of any impairment loss on the carrying amount of property & equipment since its recoverable amounts approximates its carrying amount.

There were no temporarily idle property & equipment and all fully depreciated assets are still actively in use.

None of the property & equipment were pledged as collateral to secure the Company's liabilities.

12. Intangible Assets

The Company's intangible assets consist of trading right. This 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 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 the other trading participant of the Exchange and to the SCCP.

The carrying amount of trading right was ₱3,800,000 as at both December 31, 2025 and 2024. Its recoverable amounts were ₱6,930,000 and ₱7,200,000 as at December 31, 2025 and 2024, respectively. The recoverable amounts were based on the recent sales approved by the PSE Board on September 17, 2025 and November 16, 2022 amounting to ₱7,700,000 and ₱8,000,000, respectively.

As at December 31, 2025 and 2024, there were no indication of any impairment loss on the carrying amount of intangible assets since its market value exceeds its carrying amount.

The trading right was not pledged as collateral to secure the Company's liabilities.

13. Investment in Securities

This account represents equity securities previously classified as Financial Assets at FVTPL which have had no ready market for over one year. In compliance with Capital Markets Integrity Corporation (CMIC)'s Risk-Based Capital Adequacy (RBCA) requirements, these securities have been reclassified as non-current assets to reflect their actual liquidity and marketability. Details of this account is as follows:

	2025	2024
Investment in securities with no ready market	₱ 1,743,350	₱ —
Total	₱ 1,743,350	₱ —

14. Other Non-current Assets

Other non-current assets represent:

	2025		2024	
CTGF refundable contributions	₱	28,956	₱	28,719
Total	₱	28,956	₱	28,719

The Company, as a clearing member, is required to pay monthly contributions to the Clearing and Trade Guaranteed Fund (CTGF) maintained by the SCCP for an amount of 1/500 of 1% applied to the Clearing Member's total monthly turnover value less block sales and cross transactions of the same flag. On March 13, 2018, the SEC resolved to approve SCCP's proposed amendments to SCCP Rule 5.2, making the Clearing Members' contribution to the CTGF refundable upon cessation of their business and/or termination of their membership with SCCP, provided that all liabilities owing to SCCP at the time of termination, whether actual or contingent, shall have been satisfied or paid in full. The share of the Company in the seed money contributed by the Philippines Stock Exchange amounted to ₱493,084.

15. Trade & Other Payables

This account consists of:

	2025		2024	
Dividends payable	₱	827,173	₱	521,379
Trading fees payable		26,784		26,784
Total	₱	853,957	₱	548,163

Dividends payable represents the amount of cash dividend declared by separate public entities payable to the customers of the Company.

Trading fees payable pertains to transaction costs and clearing fees on the purchase and sale of stocks that are payable to the regulatory bodies.

The Company's payable to customers and their security valuation follows:

	2025		2024	
	Money Balance	Security Long Valuation	Money Balance	Security Long Valuation
With money balances	₱	–	₱	–
Without money balances		221,187,220		186,880,920
Total	₱	221,187,220	₱	186,880,920

16. Other Current Liabilities

Other current liabilities consist of:

	2025		2024	
Stock transaction tax payable	₱	15,392	₱	15,392
Output taxes		11,460		2,408
Statutory contributions payable		3,402		3,012
Withholding taxes payable		1,707		–
Total	₱	31,961	₱	20,812

Stock transaction tax payable arise from sales of stock transactions to be paid on the following month.

Output taxes are 12% VAT derived from sale of goods and rendering of services which are reduced by input taxes, the excess of which will be payable to the taxation authorities as net VAT payable. Otherwise, the

excess of input taxes over output taxes are carried-forward to be refunded or applied to future amounts of output taxes.

Statutory contributions payable pertains to employees and employer share of SSS, HDMF & PHIC for December, due and payable on the following month.

Withholding taxes payable include expanded withholding taxes and withholding taxes on compensation accrued in December and are to be paid on the following month.

17. Equity

Share capital consists of:

	No. of Shares			Amount	
	2025	2024		2025	2024
Authorized – ₱100.00 par value	600,000	600,000	₱	60,000,000	₱ 60,000,000
Subscribed:	600,000	600,000	₱	60,000,000	₱ 60,000,000
Issued, paid-up & outstanding:					
Balance at beginning of year	532,500	532,500	₱	53,250,000	₱ 53,250,000
Balance at end of year	532,500	532,500	₱	53,250,000	₱ 53,250,000
Ordinary share capital	532,500	532,500	₱	53,250,000	₱ 53,250,000

As at December 31, 2025 and 2024, the Company has five (5) shareholders, each owning 100 or more shares of the Company's shares of stock.

Appropriation for Reserve Fund

As per SRC Rule 49.1 (B) of the SEC Memorandum Circular No. 16 Series of 2004 on November 11, 2004, every broker dealer shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to the appropriated retained earnings. Appropriation shall be 30%, 20% and 10% of profit after tax with unimpaired paid-up capital of ₱10-million to ₱30-million, ₱30-million to ₱50-million and above ₱50-million, respectively.

The Company has appropriated 10% of the profit after tax amounting to ₱119,917 in 2025 and ₱246,745 in 2024 since it has an unimpaired paid-up capital of ₱53,250,000 in both years. Total appropriation reserves amounted to ₱1,043,721 and ₱923,804 as at December 31, 2025 and 2024, respectively.

18. Revenues

Revenues are principally derived from commissions to wit:

		2025		2024
Commission revenue	₱	115,856	₱	32,878
Total	₱	115,856	₱	32,878

Other Operating Income

Other operating income derived from dividend income and net trading gains:

	Note/s	2025		2024
Dividend income		₱ 713,091	₱	1,684,505
Unrealized market gains		263,111		2,143,385
Total	7	₱ 976,202	₱	3,827,890

Interest Income

Interest income consists of interest earned from local bank deposits and short-term investments which are subject to 20% final tax (see Note 22), to wit:

	Note/s	2025	2024
Interest income from local bank deposits	6	₱ 2,698,258	₱ 865,829
Interest income from short-term investments	9	153,282	305,752
Total		₱ 2,851,540	₱ 1,171,581

Other Income

This account comprises of:

	2025	2024
Miscellaneous income	₱ 8,470	₱ 1,650
Total	₱ 8,470	₱ 1,650

19. Cost of Services

The details of cost of services are shown below:

	Note/s	2025	2024
Salaries & employee benefits	21	₱ 542,350	₱ 516,200
Stock exchange dues & fees		215,169	211,475
Central depository fees		22,925	24,124
SCCP charges & fees		1,180	1,250
Commission expense		—	7,950
Total		₱ 781,624	₱ 760,999

20. General & Administrative Costs

The following show the breakdown of general & administrative costs:

	Note/s	2025	2024
Salaries & employee benefits	21	₱ 709,623	₱ 669,339
Professional fees		172,500	172,500
Taxes & licenses	30	104,348	97,268
Repairs & maintenance		82,857	78,571
Insurance		33,804	64,791
Office supplies		24,900	22,500
Bank charges		830	930
Provision for ECLs	24	—	122,284
Telecommunications		—	35,714
Miscellaneous		4,406	6,662
Total		₱ 1,133,268	₱ 1,270,559

21. Employee Benefits

Expenses recognized for salaries & employee benefits are presented below:

	2025	2024
Short-term employee benefits	₱ 1,251,973	₱ 1,185,539
Total	₱ 1,251,973	₱ 1,185,539

The amount of salaries & employee benefits is allocated as follows:

	Note/s	2025	2024
Cost of services	19	₱ 542,350	₱ 516,200
General & administrative costs	20	709,623	669,339
Total		₱ 1,251,973	₱ 1,185,539

Short-term Employee Benefits

The amount of short-term employee benefits is broken down as follows:

	2025	2024
Salaries & wages	₱ 1,192,628	₱ 1,132,040
Statutory contributions	59,345	53,499
Total	₱ 1,251,973	₱ 1,185,539

Post-employment Defined Benefits

The Company has not established a formal retirement plan. However, it is required to pay qualified employees retirement benefits under Republic Act No. 7641, which relates to a defined benefit plan. No retirement benefit obligation has been recognized for the years ended December 31, 2025 and 2024 since the Company has less than ten (10) employees, which exempts them from the provision of R.A. 7641.

22. Income Tax

The computation of tax expense as reported in the statements of comprehensive income:

	2025	2024
Current tax expense:		
Final tax at 20%	₱ 570,308	₱ 234,316
Total current tax expense	₱ 570,308	₱ 234,316
Deferred tax expense:		
Origination and reversal of temporary differences	₱ 267,702	₱ 300,675
Total deferred tax expense	₱ 267,702	₱ 300,675
Income tax expense	₱ 838,010	₱ 534,991

The computation of tax benefit from NOLCO is as follows:

	Note/s	2025	2024
Profit before tax		₱ 2,037,176	₱ 3,002,441
Add (Less): Adjustments			
Interest income	18	(2,851,540)	(1,171,581)
Dividend income	7, 18	(713,091)	(1,684,505)
Unrealized trading gains	7, 18	(263,111)	(2,143,385)
Provision for ECLs	20, 24	—	122,284
NOLCO		₱ (1,790,566)	₱ (1,874,746)
RCIT rate		20%	20%
Tax benefit from NOLCO		₱ (358,113)	₱ (374,949)

The Company is also subject to MCIT, which is computed at 2% of gross income as under the tax regulations.

The computation of MCIT is as follows:

	Note/s	2025	2024
Gross loss		₱ (665,768)	₱ (728,121)
Add: Adjustment			
Miscellaneous income	18	8,470	1,650
Gross loss, as adjusted		₱ (657,298)	₱ (726,471)
MCIT rate		2%	2%
MCIT		₱ —	₱ —

The excess of MCIT over RCIT is creditable to future tax payments and are reported as deferred tax assets. However, excess MCIT can be applied only when RCIT exceeds MCIT within the next three years. No RCIT or MCIT reported in 2025 and 2024, as the Company reported gross loss in both years.

In 2025 and 2024, the Company opted to continue claiming itemized deductions instead of optional standard deductions (OSD), which is equivalent to 40% of gross income.

The schedule of deferred tax assets and liabilities are as follows:

	Statements of Financial Position		Statements of Comprehensive Income	
	2025	2024	2025	2024
Deferred tax assets:				
Unrealized loss on FAFVPL	₱ —	₱ —	₱ —	₱ (246,571)
Allowance for ECLs	195,652	195,652	—	24,457
NOLCO	1,078,811	1,296,914	(218,103)	374,949
Excess MCIT	—	—	—	(3,354)
Deferred tax assets	₱ 1,274,463	₱ 1,492,566	₱ (218,103)	₱ 149,481
Deferred tax liabilities:				
Unrealized gain on FAFVPL	₱ (499,755)	₱ (450,156)	₱ (49,599)	₱ (450,156)
Deferred tax liabilities	₱ (499,755)	₱ (450,156)	₱ (49,599)	₱ (450,156)
Deferred tax expense – net			₱ (267,702)	₱ (300,675)

The amounts of NOLCO and the applicable years these are valid and deductible from the taxable income are shown below:

Taxable Years	Valid Until	Original Amount	Used/Expired		Balance	Tax Effect
			2025	2024		
2025	2028	₱ 1,790,566	₱ —	₱ —	₱ 1,790,566	₱ 358,113
2024	2027	1,874,746	—	—	1,874,746	374,949
2023	2026	1,370,710	—	—	1,370,710	274,142
2022	2025	1,538,918	(1,538,918)	—	—	—
2021	2026*	358,033	—	—	358,033	71,607
2020	2025*	1,342,158	(1,342,158)	—	—	—
Total		₱ 8,275,131	₱ (2,881,076)	₱ —	₱ 5,394,055	₱ 1,078,811

*Pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating loss of the Company incurred for the taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three (3) consecutive years only.

A reconciliation of tax on the pre-tax income computed at the applicable statutory rate to tax expense reported in the statements of comprehensive income is as follows:

	2025	2024
Income tax expense computed at statutory tax rate of 20%	₱ 407,435	₱ 600,488
Additions (Reductions) resulting from:		
Dividend income	(142,618)	(336,901)
Non-deductible expenses:		
Difference in unrealized trading loss (gain)	(3,023)	268,050
Expired MCIT	-	3,354
Expired NOLCO	576,216	-
Income tax expense	₱ 838,010	₱ 534,991

23. Basic Earnings Per Share

Basic earnings per share is computed as follows:

	2025	2024
Profit attributable to ordinary shares	₱ 1,199,166	₱ 2,467,450
Divide by: Weighted average number of ordinary shares outstanding	532,500	532,500
Basic earnings per share	₱ 2.25	₱ 4.63

There are no potential dilutive ordinary shares outstanding as at December 31, 2025 and 2024.

24. Related Party Transactions

The Company, in the normal course of business, has entered transactions with related parties principally consisting of:

Related Party	Nature	Terms & Conditions	2025		2024	
			Amount of Transaction	Outstanding Receivable	Amount of Transaction	Outstanding Receivable
Shareholders/ E-Three Trading Co., Inc.	Advances to related parties	Unsecured, non-interest bearing, receivable without collateral nor guaranty; payable on demand; Can be settled by payment of cash based on mutual agreement of both parties	-	₱ 12,228,210	-	₱ 12,228,210
		Allowance for ECL	-	(978,258)	122,284	(978,258)
Key management personnel	Compensation-Short-term employee benefits	N/A	206,250	-	198,000	-

Use of Affiliate's Property

In 2025 and 2024, the Company and Ditz Realty Co., Inc. agreed to use the latter's unit as office space of the Company for its business purpose. The Company is authorized to use all office machines, equipment and facilities of Ditz Realty Co., Inc. and enjoy the property with no rentals to be paid to the owner.

Advances to Related Parties

These advances are non-interest bearing, bear no guaranty and have no repayment terms as these are due upon demand. Roll-forward analysis of the Company's advances to shareholders and related parties follows:

		2025		2024
Balance at beginning of year	₱	12,228,210	₱	12,228,210
Allowance for expected credit losses		(978,258)		(978,258)
Net realizable value	₱	11,249,952	₱	11,249,952

All of the Company's advances to related parties have been reviewed for indicators of impairment. Certain advances to related parties were found to be impaired due to defaults by customers and provisions have been recorded accordingly.

A reconciliation of the expected credit losses is shown below:

	Note/s	2025		2024
Balance at beginning of year		₱ 978,258	₱	855,974
Provisions during the year	20	—		122,284
Balance at end of year		₱ 978,258	₱	978,258

Key Management Personnel Compensation

The compensation of key management personnel, in the form of short-term employee benefits, is broken down as follows:

		2025		2024
Salaries & wages	₱	206,250	₱	198,000
Total	₱	206,250	₱	198,000

The Company does not provide post-employment benefit plans and equity-based compensation benefits to any of its directors and executive officers.

25. Fair Value Measurements

Carrying Amounts and Fair Values by Category

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

	Note/s	2025		2024	
		Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets					
<u>At fair value:</u>					
Financial assets at FVPL	7	₱ 13,848,451	₱ 13,848,451	₱ 15,328,690	₱ 15,328,690
Investment in securities	13	1,743,350	1,743,350	—	—
<u>At amortized cost:</u>					
Cash & cash equivalents	6	58,435,371	58,435,371	51,487,903	51,487,903
Trade & other receivables	8	62,235	62,235	—	—
Short-term investments	9	—	—	5,512,644	5,512,644
CTGF refundable contributions	14	28,956	28,956	28,719	28,719
Advances to related parties – net	24	11,249,952	11,249,952	11,249,952	11,249,952
Total		₱ 85,368,315	₱ 85,368,315	₱ 83,607,908	₱ 83,607,908
Financial liabilities					
<u>At amortized cost:</u>					
Trade & other payables	15	₱ 853,957	₱ 853,957	₱ 548,163	₱ 548,163
Total		₱ 853,957	₱ 853,957	₱ 548,163	₱ 548,163

Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those financial assets and financial liabilities not measured at fair value but for which fair value is disclosed with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in 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: inputs for asset or liability that are not based on observable market data (unobservable inputs)

The following table summarizes the fair value hierarchy of the Company's assets and liabilities, which are measured at fair value or requires disclosure as prescribed by other PFRS Accounting Standards, as at December 31, 2025 and 2024:

		2025				
Note/s		Level 1	Level 2	Level 3	Total	
Financial assets:						
<u>At fair value:</u>						
	7	P 13,848,451	P –	P –	P 13,848,451	
	13	1,743,350	–	–	1,743,350	
<u>At amortized cost:</u>						
	6	58,435,371	–	–	58,435,371	
	8	–	–	62,235	62,235	
	9	–	–	–	–	
	14	–	–	28,956	28,956	
	24	–	–	11,249,952	11,249,952	
Total		P 74,027,172	P –	P 11,341,143	P 85,368,315	
Financial liabilities:						
<u>At amortized cost:</u>						
	15	P –	P –	P 853,957	P 853,957	
Total		P –	P –	P 853,957	P 853,957	
		2024				
Note/s		Level 1	Level 2	Level 3	Total	
Financial assets:						
<u>At fair value:</u>						
	7	P 15,328,690	P –	P –	P 15,328,690	
	13	–	–	–	–	
<u>At amortized cost:</u>						
	6	51,487,903	–	–	51,487,903	
	8	–	–	–	–	
	9	5,512,644	–	–	5,512,644	
	14	–	–	28,719	28,719	
	24	–	–	11,249,952	11,249,952	
Total		P 72,329,237	P –	P 11,278,671	P 83,607,908	
Financial liabilities:						
<u>At amortized cost:</u>						
	15	P –	P –	P 548,163	P 548,163	
Total		P –	P –	P 548,163	P 548,163	

As at December 31, 2025 and 2024, there are no financial assets or financial liabilities measured at fair value. There were no transfers between levels in December 31, 2025 and 2024.

Financial Instruments Not Measured at Fair Value for Which Fair Value is Disclosed

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability

base of the instrument where the significant inputs required to determine fair value of such instruments are not based on observable market data.

26. Financial Risk Management Policies and Objectives

Introduction

The Company's principal financial instruments comprise of cash, receivables and payables. The main purpose of these financial instruments is to raise finances for the Company's operations. The risks arising from the use of financial instruments are managed through a process of on-going identification, measurement, and monitoring. This process of risk management is critical to the Company's continuing profitability.

The BOD is ultimately responsible for overall risk management approach, monitoring risk exposures, and approving risk mitigation strategies and policies. The main risks arising from the Company's financial instruments are risks associated with credit risk, liquidity risk and market price risk.

Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counter parties failed to discharge their contractual obligations. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis and appropriate credit treatments are executed for overdue accounts. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statements of financial position (or in the detailed analysis provided in the notes to the financial statements).

Credit Risk Exposure

The table below shows the gross maximum exposure to credit risk of the Company as at December 31, 2025 and 2024, without considering the effects of collaterals and other credit risk mitigation techniques:

	Note/s	2025	2024
Cash & cash equivalents	6	₱ 58,435,371	₱ 51,487,903
Financial assets at FVPL	7	13,848,451	15,328,690
Trade & other receivables	8	62,235	–
Short-term investments	9	–	5,512,644
Investment in securities	13	1,743,350	–
CTGF refundable contributions	14	28,956	28,719
Advances to related parties	24	12,228,210	12,228,210
Total		₱ 86,346,573	₱ 84,586,166

Cash and financial assets at FVPL of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱1,000,000 per depositor per banking institution.

Risk Concentration of the Maximum Exposure to Credit Risk

Concentrations arise when several counterparties are engaged in similar business activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Company's financial strength and undermine public confidence.

In order to avoid excessive concentrations of risk, identified concentrations of credit risks are controlled and managed accordingly. As of December 31, 2025 and 2024, there were no significant credit risk concentrations, given the Company's diverse customer base.

Credit Quality per Class of Financial Assets

The tables below show a comparison of the credit quality of the Company's financial assets as at December 31:

2025	Neither Past Due nor Impaired			Past Due and Impaired	Total
	High Grade	Standard Grade	Substandard Grade		
Cash & cash equivalents	₱ 58,435,371	₱ –	₱ –	₱ –	₱ 58,435,371
Financial asset at FVPL	13,848,451	–	–	–	13,848,451
Trade & other receivables	62,235	–	–	–	62,235
Short-term investments	–	–	–	–	–
Investment in securities	1,743,350	–	–	–	1,743,350
CTGF refundable contributions	28,956	–	–	–	28,956
Advances to related parties	–	–	11,249,952	978,258	12,228,210
Total	₱ 74,118,363	₱ –	₱ 11,249,952	₱ 978,258	₱ 86,346,573

2024	Neither Past Due nor Impaired			Past Due and Impaired	Total
	High Grade	Standard Grade	Substandard Grade		
Cash & cash equivalents	₱ 51,487,903	₱ –	₱ –	₱ –	₱ 51,487,903
Financial asset at FVPL	15,328,690	–	–	–	15,328,690
Trade & other receivables	–	–	–	–	–
Short-term investments	5,512,644	–	–	–	5,512,644
Investment in securities	–	–	–	–	–
CTGF refundable contributions	28,719	–	–	–	28,719
Advances to related parties	–	–	11,249,952	978,258	12,228,210
Total	₱ 72,357,956	₱ –	₱ 11,249,952	₱ 978,258	₱ 84,586,166

High grade cash are operating cash fund deposited in local banks belonging to the top ten (10) banks in the Philippines in terms of resources and profitability. The Company's basis in grading its loans & receivables follows:

High Grade These accounts have a high probability of collection and the counterparty has consistently exhibited good paying habits. The securities on these receivables are readily enforceable.

Standard Grade These accounts are active accounts with minimal to regular instances of payment default due to common collection issues. Typically, these accounts are not impaired as the counterparties generally respond to credit actions and update their payment accordingly.

Substandard Grade These accounts are accounts which have probability of impairment based on historical trend, and show propensity to default in payment despite regular follow-up actions and extend payment terms.

An impairment analysis is performed at each reporting date on an individual basis for major customers, in addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. As of December 31, 2025 and 2024, there were accounts that were impaired amounting to ₱978,258 in both years (see Note 24).

Aging Analysis

An aging analysis of the Company's financial assets as of December 31, 2025 and 2024 are as follows:

2025	Neither Past Due nor Impaired	Past Due but not Impaired				Impaired	Total
		Less than 30 days	30 to 60 days	60 to 90 days	Over 90 days		
Cash & cash equivalents	₱ 58,435,371	₱ –	₱ –	₱ –	₱ –	₱ –	₱ 58,435,371
Financial asset at FVPL	13,848,451	–	–	–	–	–	13,848,451
Trade & other receivables	62,235	–	–	–	–	–	62,235
Short-term investments	–	–	–	–	–	–	–
Investment in securities	1,743,350	–	–	–	–	–	1,743,350
CTGF refundable contributions	28,956	–	–	–	–	–	28,956
Advances to related parties	11,249,952	–	–	–	–	978,258	12,228,210
Total	₱ 85,368,315	₱ –	₱ –	₱ –	₱ –	₱ 978,258	₱ 86,346,573

2024	Neither Past Due nor Impaired	Past Due but not Impaired				Impaired	Total
		Less than 30 days	30 to 60 days	60 to 90 days	Over 90 days		
Cash & cash equivalents	P 51,487,903	P –	P –	P –	P –	P 51,487,903	
Financial asset at FVPL	15,328,690	–	–	–	–	15,328,690	
Trade & other receivables	–	–	–	–	–	–	
Short-term investments	5,512,644	–	–	–	–	5,512,644	
Investment in securities	–	–	–	–	–	–	
CTGF refundable contributions	28,719	–	–	–	–	28,719	
Advances to related parties	11,249,952	–	–	–	978,258	12,228,210	
Total	P 83,607,908	P –	P –	P –	P 978,258	P 84,586,166	

Liquidity Risk

Liquidity risk is the risk the Company will be unable to meet its payment obligations when they fall under normal and stress circumstances. The Company seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Company maintains a level of cash in banks that is deemed to be sufficient to finance its operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and advances from related parties.

Maturity Profile of Financial Assets and Liabilities

The tables below summarize the maturity profile of the Company's financial assets and liabilities as at December 31, 2025 and 2024 based on the remaining undiscounted contractual cash flows:

	2025					Total
	Within 1 year	1 – 2 years	2 – 3 years	More than 3 years		
Financial assets:						
<u>At fair value:</u>						
Financial asset at FVPL	P 13,848,451	P –	P –	P –	P –	P 13,848,451
Investment in securities	1,743,350	–	–	–	–	1,743,350
<u>At amortized cost:</u>						
Cash & cash equivalents	58,435,371	–	–	–	–	58,435,371
Trade & other receivables	62,235	–	–	–	–	62,235
Short-term investments	–	–	–	–	–	–
CTGF refundable contributions	–	–	–	28,956	–	28,956
Advances to related parties	12,228,210	–	–	–	–	12,228,210
Total	P 86,317,617	P –	P –	P 28,956	P –	P 86,346,573
Financial liabilities:						
<u>At amortized cost:</u>						
Trade & other payables	P 853,957	P –	P –	P –	P –	P 853,957
Total	P 853,957	P –	P –	P –	P –	P 853,957

	2024					Total
	Within 1 year	1 – 2 years	2 – 3 years	More than 3 years		
Financial assets:						
<u>At fair value:</u>						
Financial asset at FVPL	P 15,328,690	P –	P –	P –	P –	P 15,328,690
Investment in securities	–	–	–	–	–	–
<u>At amortized cost:</u>						
Cash & cash equivalents	51,487,903	–	–	–	–	51,487,903
Trade & other receivables	–	–	–	–	–	–
Short-term investments	5,512,644	–	–	–	–	5,512,644
CTGF refundable contributions	–	–	–	28,719	–	28,719
Advances to related parties	12,228,210	–	–	–	–	12,228,210
Total	P 84,557,447	P –	P –	P 28,719	P –	P 84,586,166
Financial liabilities:						
<u>At amortized cost:</u>						
Trade & other payables	P 548,163	P –	P –	P –	P –	P 548,163
Total	P 548,163	P –	P –	P –	P –	P 548,163

Market Price Risk

Market price risk is the risk that movements in the level or volatility of market prices will adversely affect the Company's financial position. The sensitivity analysis is based on the assumption the PSEi have increased/decreased using the interpretations on the five-year historical movement of the PSEi with all other variables held constant.

	2025		2024	
	Change in +/- 300 basis points		Change in +/- 300 basis points	
	Effects on net results		Effects on net results	
Equity inside the PSEi	▶ 246,427	▶ (246,427)	▶ 284,275	▶ (284,275)
Equity outside the PSEi	▶ 85,936	▶ (85,936)	▶ 83,613	▶ (83,613)
Total	▶ 332,363	▶ (332,363)	▶ 367,888	▶ (367,888)

27. Capital Management Objectives, Policies, & Procedures

The Company's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders or issue new shares. The Company considers its equity and loans & borrowings as capital.

The Company monitors its financial leverage using the debt-to-equity which is computed as total liabilities divided by total equity as shown in the table below:

	2025	2024
Total liabilities	₱ 1,385,673	₱ 1,019,131
Total equity	89,213,934	88,014,768
Debt-to-equity ratio	0.0155 : 1	0.0116 : 1

Minimum Capital Requirement

The Amended IRR of the SRC effective March 6, 2004 includes, among others, revisions in terms and conditions for registration and subsequent renewal of license applicable to both exchange trading participants and non-exchange broker dealers as follow:

- To allow a net capital of ₱2.5 million or 2.5% of aggregate indebtedness, whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities;
- To allow the SEC to set a different net capital requirement for those authorized to use the Risk-Based Capital Adequacy (RBCA) model; and
- To require unimpaired paid-up capital of ₱100-million for broker dealers, which are either first time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; ₱10.0 million plus surety bond for existing broker dealers not engaged in market making transactions; and ₱2.5 million for broker dealers dealing only in proprietary shares and not holding securities.

As of December 31, 2025 and 2024, the Company has complied the ruling with an unimpaired paid-up capital of ₱53,250,000 for both years (see Note 17).

On November 3, 2023, the Company renewed its ₱12-million surety bond covering January 1, to December 31, 2024. Subsequently, on November 4, 2024, the Company renewed the surety bond for the same amount for the period January 1 to December 31, 2025.

Risk-Based Capital Adequacy Requirement

On November 11, 2004, the SEC issued Memorandum Circular No. 16 which provides the guidelines on the adoption in the Philippines of the RBCA Framework for all registered brokers dealers in accordance with the SRC.

The RBCA ratio is computed by dividing Net Liquid Capital (NLC) to its Total Risk Capital Requirement (TRCR), which is composed 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 December 31, 2025 and 2024 are 1,629% and 1,508%, respectively.

The RBCA ratio of the Company is as follows:

	2025	2024
Net Liquid Capital	₱ 70,460,629	₱ 70,859,950
Divide: Total Risk Capital Requirement		
Operational Risk Requirement	₱ 504,631	₱ 517,663
Position Risk Requirement	3,820,179	4,180,562
Counterparty Risk Requirement	-	-
Large Exposure Risk Requirement	-	-
Total Risk Capital Requirements	₱ 4,324,810	₱ 4,698,225
RBCA Ratio	₱ 1,629%	₱ 1,508%

Net Liquid Capital

The Company is required, at all times, to have and maintain a Net Liquid Capital (NLC) of ₱5,000,000 or 5% of its Aggregate Indebtedness (AI), whichever is higher.

Detailed computation of Company's NLC as of December 31, 2025 and 2024 is shown below:

	2025	2024
Net liquid capital		
Equity eligible for NLC	₱ 88,714,179	₱ 87,564,612
Less: Ineligible assets	18,253,550	16,704,662
Net liquid capital	₱ 70,460,629	₱ 70,859,950
Required net liquid capital		
Higher of:		
5% of aggregate indebtedness	₱ 69,284	₱ 50,957
Minimum amount	5,000,000	5,000,000
Required net liquid capital	₱ 5,000,000	₱ 5,000,000
Net risk-based capital excess	₱ 65,460,629	₱ 65,859,950

Total Risk Capital Requirement

a) Operational Risk Requirement (ORR)

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

Revenue	2024	2023	2022	Average
Commission revenue	₱ 32,878	₱ 234,057	₱ 54,976	₱ 107,304
Interest revenue	937,265	844,895	139,578	640,579
Dividend revenue	1,684,505	1,687,959	1,886,035	1,752,833
Gain on sale of marketable securities	-	-	-	-
Other revenues	1,650	21,729	43,933	22,437
Total	₱ 2,656,298	₱ 2,788,640	₱ 2,124,522	₱ 2,523,153
Average gross income				₱ 2,523,153
Operational risk factor				20%
Total ORR for 2025				₱ 504,631

Revenue	2023	2022	2021	Average
Commission revenue	₱ 234,057	₱ 54,976	₱ 1,074,939	₱ 454,657
Interest revenue	844,895	139,578	88,203	357,559
Dividend revenue	1,687,959	1,886,035	1,564,666	1,712,887
Gain on sale of marketable securities	—	—	103,286	34,429
Other revenues	21,729	43,933	20,687	28,783
Total	₱ 2,788,640	₱ 2,124,522	₱ 2,851,781	₱ 2,588,315
Average gross income				₱ 2,588,315
Operational risk factor				20%
Total ORR for 2024				₱ 517,663

The Company's core equity should, at all times, be greater than its operational risk requirement. Core Equity is 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 un-booked valuation reserves and other capital adjustments and be always greater than its operational risk requirement.

The Company has no operational risk exposure since its core equity of ₱88,170,213 and ₱87,090,964, for the years ended December 31, 2025 and 2024, respectively, were greater than the operational risk requirement as calculated.

b) Position/Price Risk Requirement (PRR)

The Company is exposed to equity security price risk because of investments held and classified in the statements of financial position as fair value through profit and 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 portfolio is done in accordance with the limits set by the management.

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

2025

	Total Market Value of Instrument	Position Risk Factors	PRR
Equities inside the PSEi	₱ 10,267,785	25%	₱ 2,566,946
Other equities outside the PSEi	3,580,666	35%	1,253,233
Total	₱ 13,848,451		₱ 3,820,179

2024

	Total Market Value of Instrument	Position Risk Factors	PRR
Equities inside the PSEi	₱ 11,844,800	25%	₱ 2,961,200
Other equities outside the PSEi	3,483,890	35%	1,219,362
Total	₱ 15,328,690		₱ 4,180,562

c) Counterparty Risk Exposure

There were no unsettled customer trades which arise 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.

There were also no unsettled principal trades which arise from broker-to-broker or broker-to-exchange/clearing agency relationship counterparty exposure. A counterparty exposure of this kind occurs when (a) the broker dealer poses the possible risk of failing to 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.

There were no counterparty risk exposure arising from debt/loans, contra losses and other amounts due resulting from amount unpaid on its agreed due date.

d) *Large Exposure Risk Requirements*

Large exposure risk is the risk to which a broker dealer is exposed whether by way of: (a) A proportionally large amount of exposure to a particular counterparty; (b) a proportionally large exposure to a single issuer of debt, and; (c) proportionally large exposure to a single equity security or single issuer group.

The Company has no exposure to single equity relative to a particular issuer company and its group of companies as at December 31, 2025 and 2024, in which did not exceed the maximum large exposure risk limit of 30% of its core equity of ₱26,451,064 and ₱26,127,289 as at December 31, 2025 and 2024, respectively.

28. Supplemental Disclosure of Cash Flow Information and Non-cash Transactions

Changes in Liabilities Arising from Financing Activities

The disclosure requirements enable users of financial statements to evaluate changes in liabilities arising from financing activities of the Company.

The Company has no changes in liabilities arising from financing activities as of December 31, 2025 and 2024.

Non-cash Transactions

The Company had no material non-cash investing or financing activity-related transactions for the years ended December 31, 2025 and 2024.

29. Events After the End of the Reporting Period

There were no events that require adjustments or disclosures between the date of statement of financial position and the date of issuance of the audited financial statements.

30. Supplemental Information Required by the BIR

Revenue Regulations No. 15–2010

Pursuant to Revenue Regulations No. 15 - 2010 issued by the BIR on November 25, 2010, the following information is mandated to be included in the notes to financial statements as additional disclosure on taxes, duties and license fees paid or accrued during the taxable year:

Output Taxes

	Tax Base		Output Taxes	
	2025	2024	2025	2024
VAT sales/receipts – private	₱ 124,326	₱ 32,878	₱ 14,919	₱ 3,945
Total	₱ 124,326	₱ 32,878	₱ 14,919	₱ 3,945

The Company does not have any sales or receipts from the government, or any sales or receipts which are subject to zero rated VAT or exempt from VAT.

Input Taxes

	2025	2024
Goods other than for retail/manufacture	₱ 30,223	₱ 41,945
Total	₱ 30,223	₱ 41,945

Withholding Taxes

	2025	2024
Creditable withholding tax	₱ 4,033	₱ 3,905
Total	₱ 4,033	₱ 3,905

Taxes & Licenses

	2025	2024
National taxes:		
SEC license	₱ 33,865	₱ 33,865
Local taxes:		
Business permit & other licenses	69,453	62,903
Barangay clearance	1,030	500
Total	₱ 104,348	₱ 97,268



Supplemental Written Statement of Independent Auditor

The Board of Directors and Shareholders

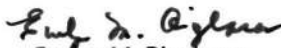
Litonjua Securities, Inc.

2nd Floor Ditz Building
444 T. M. Kalaw Street
Ermita, Manila

We have audited the financial statements of **Litonjua Securities, Inc.** (the Company) as at and for the year ended December 31, 2025, on which we have rendered the attached report dated March 27, 2026.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Company has a total number of five (5) shareholders owning one hundred (100) or more shares each.

A.M. YU & ASSOCIATES


Evelyn M. Dinglasan

Partner

CPA License No. 34316, valid until December 06, 2027

Tax Identification No. 131-886-894

SEC Accreditation No. 34316-SEC, Group A,

issued April 04, 2023, valid for five (5) years covering the audits of
2022 to 2026 financial statements of SEC Covered Institutions

BIR Accreditation No. 07-000170-004-2024,

issued February 20, 2024, valid until February 19, 2027

PTR No. 8428955, issued January 13, 2026, Quezon City

March 27, 2026

Quezon City

A.M. Yu & Associates

6F West Star Business Center Building,
No. 31 Shorthorn St., Brgy. Bahay Toro,
Proj. 8, Quezon City, Philippines 1106

Trunkline: +63 2 8236-4935 ; +63 2 8351-6288
Website: www.amyucpas.com

Firm Regulatory Registration & Accreditations:

PRC-BOA Reg. No. 4589, valid until Nov. 18, 2028
SEC Accred. No. 4589-SEC, Group A, valid for five years
covering the audits of 2020 to 2024 financial
statements of SEC Covered Institutions,
extended to cover 2025 financial statements
BIR Accred. No. 07-000157-002-2024,
valid until Jan. 29, 2027



Independent Auditors' Report

The Board of Directors and Shareholders

Litonjua Securities, Inc.

2nd Floor Ditz Building
444 T. M. Kalaw Street
Ermita, Manila

Report on the Supplementary Schedules in Compliance with the Revised Securities Regulation Code

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of **Litonjua Securities, Inc.** (the Company) as at and for the years ended December 31, 2025 and 2024, and have issued our report thereon dated March 27, 2026.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules included in the following accompanying additional components are the responsibility of the Company's management. Such additional components include:

Supplementary Schedules under Securities Regulation Code 52.1.5.3

- Statement of Changes in Liabilities Subordinated to Claims of General Creditors
- Computation of Risk Based Capital Adequacy Requirement
- Information Relating to Possession or Control Requirements of SRC Rule 49.2.1
- Computation for Determination of Reserve Requirements under Annex 49.2-B
- Report Describing Material Inadequacies Found to Exist or Found to Have Existed Since the Previous Audit
- Results of Monthly Securities Count Conducted Pursuant to SRC Rule 52.1-10, As Amended

Supplementary Schedule under Revised Securities Regulation Code 68

- Schedule of Financial Soundness Indicators

A.M. Yu & Associates

6F West Star Business Center Building,
No. 31 Shorthorn St., Brgy. Bahay Toro,
Proj. 8, Quezon City, Philippines 1106

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covering the audits of 2020 to 2024 financial
statements of SEC Covered Institutions,
extended to cover 2025 financial statements
BIR Accred. No. 07-000157-002-2024,
valid until Jan. 29, 2027



The supplementary schedules are presented in compliance with the Securities Regulation Code 52.1.5.3 and Revised Securities Regulation Code Rule 68 of the Securities and Exchange Commission and are not required parts of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A.M. YU & ASSOCIATES


Evelyn M. Dinglasan

Partner

CPA License No. 34316, valid until December 06, 2027

Tax Identification No. 131-886-894

SEC Accreditation No. 34316-SEC, Group A,

issued April 04, 2023, valid for five (5) years covering the audits of
2022 to 2026 financial statements of SEC Covered Institutions

BIR Accreditation No. 07-000170-004-2024,

issued February 20, 2024, valid until February 19, 2027

PTR No. 8428955, issued January 13, 2026, Quezon City

March 27, 2026

Quezon City

LITONJUA 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.

LITONJUA SECURITIES, INC.

Computation of Risk Based Capital Adequacy Requirement

For the year ended December 31, 2025

Assets	₱	90,599,607
Liabilities		1,385,673
Equity per books	₱	89,213,934
Adjustments to Equity per books		
Add (Less):		
Allowance for market decline	₱	—
Subordinated liabilities		—
Unrealized gain (loss) in proprietary accounts		—
Deferred income tax		(499,755)
Revaluation reserves		—
Deposit for future stock subscription (No application with SEC)		—
Minority interest		—
Total Adjustments to Equity per books	₱	(499,755)
Equity Eligible for Net Liquid Capital	₱	88,714,179
Contingencies and Guarantees		
Deduct: Contingent liability	₱	—
Guarantees or indemnities		—
Ineligible Assets		
1. Trading right and all other intangible assets – net	₱	3,800,000
2. Intercompany receivables		—
3. Fixed assets – net (excluding those used as collateral)		—
4. All other current assets		156,829
5. Securities not readily marketable		1,743,350
6. Negative exposure (SCCP)		—
7. Notes receivable (non-trade related)		—
8. Interest and dividend receivables outstanding for more than 30 days		—
9. Ineligible insurance claims		—
10. Ineligible deposits		—
11. Short security differences		—
12. Long security differences not resolved prior to sale		—
13. Other assets including equity investment in PSE		12,553,371
Total Ineligible Assets	₱	18,253,550
Net Liquid Capital (NLC)	₱	70,460,629
Less: Total Risk Capital Requirement		
Operational Risk Requirement (Schedule ORR-1)	₱	504,631
Position Risk Requirement (Schedule PRR-1)		3,820,179
Counterparty Risk (Schedule CRR-1 and detailed schedules)		—
Large Exposure Risk (Schedule LERR-1, LERR-2, LERR-3)		—
LERR to a single client (LERR-1)		—
LERR to a single debt (LERR-2)		—
LERR to a single issuer and group of companies (LERR-3)		—
Total Risk Capital Requirement (TRCR)	₱	4,324,810
Net RBCA Margin (NLC-TRCR)	₱	66,135,819
Liabilities		
Add: Deposit for future stock subscription (No application with SEC)	₱	—
Less: Exclusions from aggregate indebtedness		
Subordinated liabilities		—
Loans secured by securities		—
Loans secured by fixed assets		—
Others		—
Total adjustments to aggregate indebtedness	₱	—
Aggregate Indebtedness (AI)	₱	1,385,673
5% of AI	₱	69,284
Required NLC (> of 5% of AI or ₱5M)	₱	5,000,000
Net Risk Based Capital Excess (NLC-Required NLC)	₱	65,460,629
Ratio of AI to NLC		1.97%
RBCA Ratio (NLC/TRCR)		1,629%

LITONJUA SECURITIES, INC.

Information Relating to Possession or Control Requirements of SRC Rule 49.2-Annex 49.2-A

For the year ended December 31, 2025

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

Market Valuation	N/A	₱	N/A
Number of items	N/A		N/A

2. Customers' fully paid securities and excess margin securities for which instructions to reduce the 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	N/A	₱	N/A
Number of items	N/A		N/A

LITONJUA SECURITIES, INC.

Computation for Determination of Reserve Requirements under SRC Rule 49.2-Annex 49.2-B

December 31, 2025

Particulars	Credit	Debit
1. Free credit balance and other credit balance in customers' security accounts	₱ 827,173	
2. Monies borrowed collateralized by the securities carried for the account of customers	—	
3. Monies payable against customers' securities loaned.	—	
4. Customers' securities failed to receive	—	
5. Customer 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.		₱ (109)
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.		—
13. Others		—
Total	₱ 827,173	₱ (109)

LITONJUA SECURITIES, INC.

Computation for Determination of Reserve Requirements under SRC Rule 49.2-Annex 49.2-B

December 31, 2025

1. Free Credit Balances and Other Credit Balances in Customer Securities Accounts

Unadjusted trial balance amount	₱	—
A. Additions:		
1. Bank account overdraft ¹	₱	—
2. Credit balances in customer omnibus accounts		—
3. Any other customer credit balance not accounted for elsewhere		—
Dividends payable		827,173
Subtotal	₱	827,173
B. Deductions:		
1. Credit balances in the accounts of non-customers such as general partners and principal officers	₱	—
2. Credit balances in customers' cash accounts arising from the sale of a security not delivered if the securities are purchased by the broker-dealer for its own account and have not been resold		—
Subtotal	₱	—
Adjusted total line item #1	₱	827,173

2. Monies Borrowed Collateralized by Securities Carried for the Accounts of Customers

Unadjusted trial balance amount customer loan	₱	—
Unadjusted trial balance amount commingled loan ²		—
Adjusted total line item #2	₱	—

3. Moneys Payable Against Securities Loaned

Unadjusted trial balance amount	₱	—
A. Additions:		
1. The amount by which the market value of customers' securities loaned exceed the collateral value received from lending of such securities		—
Adjusted total line item #3	₱	—

4. Customer Securities Failed to Receive (as Determined by Allocation or Specific Identification)

Unadjusted trial balance amount	₱	—
A. Additions:		
1. The amount by which the market value by which fails to receive outstanding for more than 34 calendar days exceed their contract value ³	₱	—
2. Clearing accounts with net credit balances attributable to customers' transactions. (Clearing Corporations)		—
3. Unsecured customer short positions which allocate to customer long positions ⁴		—
4. Any other credit not accounted for elsewhere in the formula		—
Subtotal	₱	—
Adjusted total line item #4	₱	—

SCHEDULE IV

5.	Credit Balances in Firm Accounts which are Attributable to Principal Sales to Customers ⁵	₱	—
6.	Market Value of Stock Dividends and Splits Outstanding over 30 Calendar Days ^{5/6}	₱	—
7.	Market Value of Short Security Count Differences over 30 Calendar Days Old (not to be Offset by Long Count Differences)	₱	—
8.	Market Value of Short Securities and Credits (not to be Offset by Loans or Debits) in all Suspense Accounts over 30 Calendar Days Old		
	1. Credit Balances Only	₱	—
	2. Security Positions Only ⁵		
	3. Security Positions with Related Balances ^{5/7}		—
	Adjusted total line item #8	₱	—
9.	Market Value of Securities in Transfer in Excess of 40 Calendar Days which have not been Confirmed to be in Transfer by the Transfer Agent of the Issuer during 40 Days	₱	—
Aggregate Credit Items		₱	827,173
10.	Debit Balances in Customers' Cash and Margin Accounts Excluding Unsecured Accounts and Accounts Doubtful of Collection		
	Unadjusted trial balance amount	₱	—
	A. Additions:		
	1. Debit balance in customer omnibus accounts	₱	—
	2. Any other customer debit balance not accounted for elsewhere (explain nature)		—
	Subtotal	₱	—
	B. Deductions:		
	1. Unsecured balances and accounts doubtful of collection	₱	—
	2. Debit balances in the accounts of non-customers such as general partners and principal officers		110
	3. Reduction of margin debts for undue concentration of collateral ⁸		—
	4. Deficits in customer-related omnibus accounts ⁹		—
	5. Debit balances in accounts of household members and affiliated members ¹⁰		—
	6. Reduction of unduly concentrated margin account balances ¹¹		—
	7. Reduction of debit balances of accounts jointly-owned by customers and non-customers ¹²		—
	8. Reduction for partly-secured cash accounts		—
	Subtotal	₱	110
	Subtotal of Adjusted Total Debits	₱	(110)
	Reduce Subtotal by 1%		1%
	Adjusted total line item #10	₱	(109)
11.	Securities Borrowed to Effectuate Short Sales by Customers and Securities Borrowed to Make Delivery on Customers' Securities Failed to Deliver	₱	—

12. Fails to Deliver of Customer Securities not Older than 30 Calendar Days (as Determined by Allocation or Specific Identification)

Unadjusted balance	₱	—
A. Additions:		
1. Clearing accounts with net debit balances attributable to customer transactions (Clearing Corporations)	₱	—
2. Drafts receivable outstanding less than 30 calendar days related to customer transactions ¹³		—
Subtotal	₱	—
B. Deductions:		
1. Securities which are in the firm's physical possession and control and in excess of the broker-dealer's possession and control requirements for three business days past settlement	₱	—
2. Others (explain nature)		—
Subtotal	₱	—
Adjusted total line item #12	₱	—

Aggregate Debit Items	₱	(109)
------------------------------	----------	--------------

B. Determination of Requirements

Aggregate Credit Items	₱	827,173
Aggregate Debit Items		(109)
Net Credit (Debit)	₱	827,282
Required Reserve (100% of Net Credit if making a weekly computation or 105% if monthly)	₱	827,282

C. Frequency of Computation

Weekly Monthly

Monthly, if:

<input checked="" type="checkbox"/> Aggregate Indebtedness : Net Capital Ratio < 800%	1.97%
AND	
<input checked="" type="checkbox"/> Aggregate Customer Funds < ₱25 million	₱ 827,173

D. Special Reserve Bank Account Balance

Special Reserve Account Balance Prior to Computation	₱	16,653,690
Less: Deposit Required		827,282
Additional Deposit Required	₱	—

Note: Deposit should be made no later than 10 a.m. on the second banking day following computation date.

LITONJUA 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 the previous report.

LITONJUA SECURITIES INC.

Address: #444 TM Kalaw St., Ermita Manila

Email : evl_securities@yahoo.com.ph

Contact Number: 8523-1928

OATH

REPUBLIC OF THE PHILIPPINES)

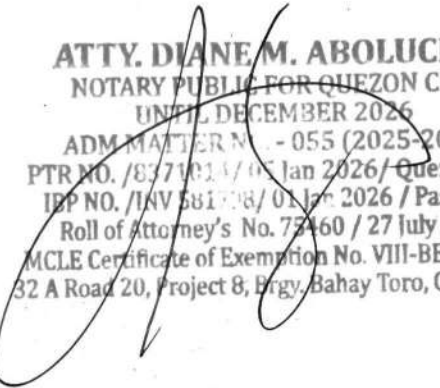
QUEZON CITY) S.S.

I, Eduardo V. Litonjua Jr., (President) of Litonjua 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.


EDUARDO V. LITONJUA JR.
President

SUBSCRIBED AND SWORN to before me this MAR 27 2026 day of _____ affiant exhibiting to me his TIN / Passport No. P7630174B issued at _____ on _____.

Doc. No. 997
Page No. 8
Book No. XI
Series of 2026


ATTY. DIANE M. ABOLUCION
NOTARY PUBLIC FOR QUEZON CITY
UNTIL DECEMBER 2026
ADM MATTER NO. - 055 (2025-2026)
PTR NO. /8371014/05 Jan 2026/ Quezon City
IRP NO. /14V 581708/01 Jan 2026 / Pasig City
Roll of Attorney's No. 73460 / 27 July 2020
MCLE Certificate of Exemption No. VIII-BEP002760
32 A Road 20, Project 8, Brgy. Bahay Toro, Quezon city

LITONJUA SECURITIES, INC.

Results 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.

SCHEDULE VI

CODE	STOCK NAME	VAULT	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARES	MARKET VALUE	TOTAL MARKET VALUE	PER AUDIT
NXGEN	NEXTGENESIS CORPORATION	1,500	—	—	23,600	25,100	7.000	175,700.00	175,700.00
OM	OMICO CORPORATION	—	—	—	10,000	10,000	0.101	1,010.00	1,010.00
OPM	ORIENTAL PETROLEUM	30,000	—	—	53,328	83,328	0.012	999.94	999.94
OV	THE PHILODRILL CORP.	—	—	—	900,000	900,000	0.0089	8,010.00	8,010.00
PA	PACIFICA, INC.	—	—	—	3,000	3,000	0.950	2,850.00	2,850.00
PAL	PAL HOLDINGS	—	—	—	35,100	35,100	3.800	133,380.00	133,380.00
PCOR	PETRON CORP.	500	—	—	39,000	39,500	2.480	97,960.00	97,960.00
PNB	PHIL. NATIONAL BANK	—	—	—	7	7	54.400	380.80	380.80
PRIM	PRIME MEDIA HOLDINGS, INC.	—	—	—	197,000	197,000	1.300	256,100.00	256,100.00
PSB	PHIL. SAVINGS BANK	—	—	—	1,257	1,257	54.000	67,878.00	67,878.00
PX	PHILEX MNG. CORP.	53,845	—	—	259,351	313,196	9.900	3,100,640.40	3,100,640.40
	PHILEX PETROLEUM CORPORATION	—	—	—	29,400	29,400	2.380	69,972.00	69,972.00
	RIZAL COMMERCIAL BANKING CORP.	—	—	—	4,000	4,000	25.950	103,800.00	103,800.00
RCB	REPUBLIC GLASS HOLDINGS CORPORATION	—	—	—	3,687	3,687	2.300	8,480.10	8,480.10
REG	SECURITY BANK CORP.	—	—	—	1,000	1,000	65.650	65,650.00	65,650.00
SECB	SWIFT FOODS, INC.	—	—	—	500	500	0.047	23.50	23.50
SFI	PILIPINAS SHELL PETROLEUM CORP.	—	—	—	19,000	19,000	6.930	131,670.00	131,670.00
SHLPH	SAN MIGUEL CORPORATION	—	—	—	250,630	250,630	82.000	20,551,660.00	20,551,660.00
SMC	SMC SERIES 2 PREFERRED SHARES	—	—	—	20,000	20,000	81.000	1,620,000.00	1,620,000.00
SMC20	SM PRIME HOLDINGS, INC.	—	—	—	13,225	13,225	22.750	300,868.75	300,868.75
SMPH	SEAFRONT RESOURCES CORP.	—	—	—	1	1	2.360	2.36	2.36
SPM	STORE SPECIALIST, INC.	—	—	—	80,000	80,000	2.630	210,400.00	210,400.00
SSI	STENIEL MANUFACTURING CORP.	—	—	—	80,000	80,000	2.180	327,000.00	327,000.00
STN	PHIL. LONG DISTANCE TEL. CO.	—	—	—	11,279	11,279	1,260.000	14,211,540.00	14,211,540.00
TEL	TOP FRONTIER INVESTMENT HOLDINGS, I	—	—	—	25,490	25,490	61.000	1,554,890.00	1,554,890.00
TFHI	UNIWIDE HOLDINGS, INC.	20,000	—	—	—	20,000	—	—	—
UW	WILCON DEPOT, INC	—	—	—	34,000	34,000	6.960	236,640.00	236,640.00
WLCON	XURPAS, INC.	—	—	—	169,800	169,800	0.248	42,110.40	42,110.40
X									
		<u>2,463,944</u>	—	—	<u>29,619,228</u>	<u>32,083,172</u>		<u>281,740,337.05</u>	<u>281,740,337.05</u>

Number of Shares in Vault	2,463,944
Number of Shares in Clearing House	—
Number of Shares in Transfer Office	—
Number of Shares in PCD	<u>29,619,228</u>
Total Number of Shares	<u>32,083,172</u>

LITONJUA SECURITIES, INC.

Schedule of Financial Soundness Indicators

Pursuant to the Revised Securities Regulation Code (SRC) Rule 68

	2025		2024
Liquidity Ratios:			
<u>Current Ratio</u>			
Current Assets	₱ 83,752,838	₱	83,712,614
Current Liabilities	885,918		568,975
	94.54 : 1		147.13 : 1
<u>Quick Ratio</u>			
Quick Assets	₱ 72,346,057	₱	72,329,237
Current Liabilities	885,918		568,975
	81.66 : 1		127.12 : 1
Solvency Ratios:			
<u>Debt-to-Equity Ratio</u>			
Total Liabilities	₱ 1,385,673	₱	1,019,131
Total Equity	89,213,934		88,014,768
	0.016 :1		0.012 : 1
<u>Asset-to-Equity Ratio</u>			
Total Assets	₱ 90,599,607	₱	89,033,899
Total Equity	89,213,934		88,014,768
	1.02 : 1		1.01 : 1
Profitability Ratios:			
<u>Return on Assets</u>			
Net Profit	₱ 1,199,166	₱	2,467,450
Total Assets	90,599,607		89,033,899
	1.32%		2.77%
<u>Return on Equity</u>			
Net Profit	₱ 1,199,166	₱	2,467,450
Total Equity	89,213,934		88,014,768
	1.34%		2.80%
<u>Net Profit Margin</u>			
Net Profit	₱ 1,199,166	₱	2,467,450
Revenues	115,856		32,878
	1,035.05%		7,504.87%
Interest Rate Coverage Ratio	N/A		N/A

LITONJUA SECURITIES, INC.

Supplementary Schedule of External Auditor Fee Related Information

December 31, 2025 and 2024

		2025		2024
Total Audit Fees	₱	212,520	₱	193,200
Non-audit services fees:				
Other assurance services	₱	-	₱	-
Tax services		-		-
All other services		-		-
Total Non-audit Fees	₱	-	₱	-
Total Audit and Non-audit Fees	₱	212,520	₱	193,200

Audit and Non-audit fees of other related entities

		2025		2024
Audit fees	₱	-	₱	-
Non-audit services fees:				
Other assurance services		-		-
Tax services		-		-
All other services		-		-
Total Audit and Non-audit Fees of other related entities	₱	-	₱	-