



SECURITIES AND EXCHANGE COMMISSION

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**MDR SECURITIES, INC.
ANNUAL AUDITED FINANCIAL REPORT**

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

COVER PAGE

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

Report for the Period Beginning January 1, 2025 and Ending December 31, 2025.

IDENTIFICATION OF BROKER OR DEALER	
Name of Broker/ Dealer: MDR SECURITIES, INC.	
Address of Principal/ Place of Business: 1608 PSE TOWER, 5TH AVE. COR. 28TH ST. , BONIFACIO GLOBAL CITY, TAGUIG CITY	
Name and Phone Number of Person to Contact in Regard to this Report	
Name: Ms. Ma. Raquel R. Garcia	Tel. No. 7940-6091 Fax No. 7940-6091

IDENTIFICATION OF ACCOUNTANT	
Name of Independent Certified Public Accountant whose opinion is contained in this report	
Name: Ramon F. Garcia and Company, CPAs Josefino F. Garcia Partner – in – charge	Tel. No. 8821-0563 Fax No. 8884 – 2789
Address: 30 th Floor Burgundy Corporate Tower, 252 Sen. Gil Puyat Ave, Makati City	
Certificate Number: 0049932 PTR No. 10801794	Date Issued: February 01, 2026



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **MDR SECURITIES, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

RAMON F. GARCIA AND COMPANY, CPAs, the independent auditor appointed by the shareholders, has audited the financial statements of the Company in accordance with the 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.

DR. CESAR S. RECTO II
Chairman of the Board

MANUEL S. RECTO, JR.
President

MA. LOURDES S. RECTO
Treasurer

Signed on this 1st day of April, 2026

INDEPENDENT AUDITORS' REPORT

The Shareholders and Board of Directors
MDR SECURITIES, INC.
Unit 1608 Philippine Stock Exchange Tower
5th Ave. cor. 28th St., Bonifacio Global City
Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **MDR SECURITIES, INC.** 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 **MDR SECURITIES, INC.** (the "Company") as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs) 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), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Valuation of Trading Securities

Note 2 indicates that the Company adopted the valuation procedures for trading securities in accordance with the provision of Securities Regulation Code (SRC) No. 50 mandating the use of last trade price. PFRSs Accounting Standards requires the use of current bid price for the valuation of securities. The adoption of the SRC valuation resulted in the decrease in profit and consequently the equity in the amount of ₱101,955 for the year ended December 31, 2025 (2024 – increase of ₱356,155).

Deferral of PAS 19 (Revised)

As stated in Note 2, the Company deferred the implementation of certain provision of PAS 19 (Revised). The Management believes that it has no material impact to the Company's financial statement except for certain required disclosure of actuarial assumption on defined benefit obligation. The Company's retirement benefit obligation amounting to ₱186,629 as at December 31, 2025 (2024 – ₱124,130) is based on RA 7641. As stated in Note 1, the Company has 9 employees as of December 31, 2025. Management believes that RA 7641, as the statutory basis, is a reliable and most practical base in computing the employees' retirement benefit.

Our opinion is not modified in respect of the above matters.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for 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 Financial Statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatements, 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 risk 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 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 disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses and other information in note 27 in the notes 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 supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

RAMON F. GARCIA & COMPANY, CPAs

TIN 000-666-059

By:


JOSEFINO F. GARCIA
Partner

CPA Certificate No. 0049932

PTR No. 10801794, February 1, 2026, Makati City

TIN 105-540-561

BOA/PRC Accreditation No. 0207 (October 6, 2025 to October 5, 2028)

Partner's BIR Accreditation No. 08-001759-002-2026 (March 31, 2026 to March 30, 2029)

Partner's SEC Accreditation No. 49932-SEC-Category A, valid for audit of 2021 to 2025 financial statements

Firm's BIR Accreditation No. 08-001759-000-2026 (Valid until March 30, 2029)

Firm's SEC Accreditation No. 0207- SEC Group A, Valid for audit of 2021 to 2025 financial statements

April 1, 2026

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MDR SECURITIES, INC.
Statements of Financial Position
As of December 31, 2025 and 2024
(In Philippine Peso)

	Security Valuation					
	2025		2024		2024	
	Long	Short	Long	Short	Long	Short
ASSETS						
Current Assets						
Cash on hand and in banks (notes 4, 23, 24 and 26)	7,030,964	-	3,568,179	-	-	-
Financial assets through profit or loss (notes 5 and 25)	8,108,188	8,108,188	6,530,600	-	6,530,600	-
Receivables						
Clearing house (notes 15, 23 and 25)	78,452	-	896,620	-	-	-
Customers (notes 6, 23 and 25)	5,882,296	17,652,861	9,148,183	-	20,284,338	-
Non-customers (notes 13, 21, 23 and 25)	72,686	7,575,250	323,063	-	2,922,828	-
Prepayments (note 7)	25,927	-	-	-	-	-
Prepaid income tax (note 20)	1,869,514	-	1,858,896	-	-	-
Other current assets (note 8)	1,007,539	-	1,316,973	-	-	-
Total	24,075,566	33,336,299	23,642,514	-	29,737,766	-
Non-Current Assets						
Property and equipment-net (note 9)	19,979,239	-	20,781,535	-	-	-
Investment properties (notes 10 and 25)	17,340,000	-	17,340,000	-	-	-
Intangibles (note 11)	792,000	-	792,000	-	-	-
Deferred tax assets (note 20)	9,092,718	-	9,296,510	-	-	-
Total	47,203,957	-	48,210,045	-	-	-
TOTAL ASSETS	71,279,523	33,336,299	71,852,559	-	29,737,766	-
SECURITIES						
In Box, Transfer Offices and with Philippine Central Depository, Inc.	-	1,012,717,915	-	-	-	744,404,267
<i>Forward</i>						

MDR SECURITIES, INC.
Statements of Financial Position
As of December 31, 2025 and 2024
(In Philippine Peso)

	Security Valuation					
	2025			2024		
	2025	2024	Long	Short	Long	Short
LIABILITIES AND EQUITY						
LIABILITIES						
Current Liabilities						
Borrowings (notes 14, 23 and 25)	3,837,403	5,491,678	-	-	-	-
Payables						
Customers (notes 12 and 25)	11,781,537	11,120,336	970,677,941	-	709,086,657	-
Non-customers (notes 13, 21, and 25)	2,862,677	1,773,764	8,703,675	-	5,579,844	-
Others (notes 16 and 25)	246,165	254,356	-	-	-	-
Total	18,727,782	18,640,134	979,381,616	-	714,666,501	-
Non-Current Liabilities						
Borrowings (notes 14, 23 and 25)	4,655,166	6,484,326	-	-	-	-
Accrued retirement benefits (note 17)	186,629	124,130	-	-	-	-
Deferred tax liabilities (note 20)	1,685,717	1,749,760	-	-	-	-
Total	6,527,512	8,358,216	-	-	-	-
TOTAL LIABILITIES	25,255,294	26,998,350	979,381,616	-	714,666,501	-
EQUITY						
Share Capital (notes 22 and 24)						
Authorized - 10,000,000 shares at P10.00 par value (note 23)	100,000,000	100,000,000	-	-	-	-
Issued shares (notes 22 and 24)	61,100,000	59,000,000	-	-	-	-
Additional paid in capital (note 22)	11,505,750	11,505,750	-	-	-	-
Revaluation reserves (note 22)	6,587,274	6,843,446	-	-	-	-
Accumulated losses (notes 22 and 24)	(33,168,795)	(32,494,987)	-	-	-	-
TOTAL EQUITY	46,024,229	44,854,209				
TOTAL LIABILITIES AND EQUITY	71,279,523	71,852,559	1,012,717,915	1,012,717,915	744,404,267	744,404,267

(see notes to financial statements)

MDR SECURITIES, INC.**Statements of Comprehensive Income**

For the years ended December 31, 2025 and 2024

(In Philippine Peso)

	2025	2024
REVENUES (note 18)		
Broker's commission	4,258,824	5,374,645
Others:		
Trading gains (losses) - net (note 5)	1,338,432	(2,042,147)
Dividend income (note 5)	7,804	17,159
Interest income (note 18)	1,020	11,668
Other income (note 18)	928,190	44,763
	6,534,270	3,406,088
COST OF SERVICES		
Personnel costs (note 19)	2,361,482	1,037,035
Stock exchange fees and dues	522,301	605,817
Commission expense	24,771	137,565
Professional fees (note 21)	-	1,064,760
	2,908,554	2,845,177
GROSS INCOME	3,625,716	560,911
OPERATING EXPENSES		
Administrative expenses:		
Travel and transportation	464,362	236,945
Professional and notarial fees	350,982	245,930
Association dues	334,278	41,800
Taxes, fees and licenses (note 27)	274,978	203,516
Personnel costs (note 19)	262,388	115,226
Repairs and maintenance	245,897	124,358
Office supplies, stationery and printing	207,557	168,318
Postage, telephone and telegrams	153,947	106,905
Insurance	126,204	134,658
Power, light, and water	100,938	179,347
Membership dues	38,000	29,370
Training expense	36,440	20,510
Miscellaneous	50,766	55,626
Total	2,646,737	1,662,509
Interest and other financing charges (note 14)	910,546	1,064,860
Depreciation (note 9)	802,297	822,380
Impairment loss	5,177	-
Provision for expected credit losses (note 6)	-	288,617
	4,364,757	3,838,366
LOSS BEFORE TAX	(739,041)	(3,277,455)
Income tax (expense) benefit (note 20)	(190,939)	968,717
LOSS FOR THE YEAR	(929,980)	(2,308,738)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE LOSS	(929,980)	(2,308,738)

(see notes to financial statements)

MDR SECURITIES, INC.**Statements of Changes in Equity**

For the years ended December 31, 2025 and 2024

(In Philippine Peso)

	Share capital	Additional paid-in capital	Deposit for future subscription	Accumulated Profits Appropriated	Unappropriated	Revaluation reserves	Total
Balances as of January 1, 2024	50,000,000	7,005,750	9,000,000	2,700,388	(33,142,809)	7,099,618	42,662,947
Issuance of additional shares (note 22)	9,000,000	-	(9,000,000)	-	-	-	-
Additional paid-in capital (note 22)	-	4,500,000	-	-	-	-	4,500,000
Total comprehensive loss during the year	-	-	-	-	(2,308,738)	-	(2,308,738)
Net loss	-	-	-	-	256,172	(256,172)	-
Realization of revaluation increment - net of tax	-	-	-	-	-	-	-
Balances as of December 31, 2024	59,000,000	11,505,750	-	2,700,388	(35,195,375)	6,843,446	44,854,209
Issuance of additional shares (note 22)	2,100,000	-	-	-	-	-	2,100,000
Total comprehensive loss during the year	-	-	-	-	(929,980)	-	(929,980)
Net loss	-	-	-	-	256,172	(256,172)	-
Realization of revaluation increment - net of tax	-	-	-	-	-	-	-
Balances as of December 31, 2025	61,100,000	11,505,750	-	2,700,388	(35,869,183)	6,587,274	46,024,229

(see notes to financial statements)

MDR SECURITIES, INC.**Statements of Cash Flows**

For the years ended December 31, 2025 and 2024

(In Philippine Peso)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(739,041)	(3,277,455)
Adjustments for:		
Trading losses (gains) - net	(1,338,432)	2,042,147
Interest and other financing charges	910,546	1,064,860
Depreciation	802,297	822,380
Provision for expected credit losses	-	288,617
Provision for accrued retirement	62,499	-
Impairment loss	5,177	-
Interest income	(1,020)	(11,668)
Dividend income	(7,804)	(17,159)
OPERATING INCOME (LOSS) BEFORE WORKING CAPITAL CHANGES	(305,778)	911,722
(Increase) Decrease in operating assets		
Financial assets through profit or loss	(239,156)	(1,051,935)
Receivable from clearing house	818,168	298,084
Receivables from customers	3,265,887	(1,313,158)
Receivables from non-customers	250,377	(322,284)
Other receivables	-	1,304,079
Prepayments	(25,927)	70,297
Other current assets	304,257	440,135
Increase (Decrease) in operating liabilities		
Payables to customers	661,201	3,342,251
Payables to non-customers	1,088,913	(4,293,140)
Other payables	(8,191)	(61,803)
CASH PROVIDED BY (USED IN) OPERATIONS	5,809,751	(675,752)
Interest received	1,020	11,668
Dividend received	7,804	17,159
Income tax paid	(61,809)	(6,333)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,756,766	(653,258)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	-	(8,096)
NET CASH USED IN INVESTING ACTIVITIES	-	(8,096)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional paid-in capital (note 22)	-	4,500,000
Payments of borrowings	(3,483,435)	(2,586,083)
Interest paid	(910,546)	(1,064,860)
Issuance of additional shares (note 22)	2,100,000	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(2,293,981)	849,057
NET INCREASE IN CASH	3,462,785	187,703
CASH ON HAND AND IN BANKS AT THE BEGINNING OF YEAR	3,568,179	3,380,476
CASH ON HAND AND IN BANKS AT THE END OF YEAR (note 26)	7,030,964	3,568,179

(see notes to financial statements)

MDR SECURITIES, INC.**Notes to Financial Statements**

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

(In Philippine Peso)

Note 1 – Corporate information

MDR Securities, Inc. (“the Company”) was registered with the Securities and Exchange Commission (SEC) on March 4, 1988. Its primary purpose is to open, operate and maintain a stock brokerage that distributes securities, bonds, debentures, products, commodities, gold bullions, monetary exchanges and any other kind of properties, either in the Philippines or in any foreign country, to engage or carry on a general consultancy business in the field of management and in any other matters affecting stock, bonds and debenture transactions such as investigation, investment, administration, management, acquisition, transfer or disposition and to provide such other services or assistance related thereto.

The Company’s principal place of business is at Unit 1608 Philippine Stock Exchange Tower, 5th Ave. cor. 28th St., Bonifacio Global City, Taguig City and employs 9 employees as of December 31, 2025.

The accompanying financial statements of the Company were reviewed and authorized for issue by the Board of Directors (BOD) on April 1, 2026.

Note 2 – Summary of Material Accounting Policies

The material accounting policies that have been used in the preparation of these financial statements are summarized below. Accounting policies are considered as material if it can reasonably influence the decisions that the primary users of financial statements make on the basis of those financial statements when considered together with other information included in the financial statements. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards except for certain provision of PAS 19 (Amended and Revised) and the adoption of the valuation procedures for trading securities in accordance with the provision of the Securities Regulation Code (SRC) No. 50 mandating the use of last trade prices instead of PFRS Accounting Standards which require the use of current bid prices for the valuation of securities. The adoption of the SRC valuation resulted in the decrease in profit and consequently the equity in the amount of ₱101,955 for the year ended December 31, 2025 (2024 – increase of ₱356,155).

PFRSs Accounting Standards are adopted by the Financial Reporting Standards Council (FRSC), formerly the Accounting Standards Council, from the pronouncements issued by the International Accounting Standards Board (IASB). PFRSs Accounting Standards consist of:

- (i) PFRSs Accounting Standards – corresponding to International Financial Reporting Standards;
- (ii) Philippine Accounting Standards (PASs) – corresponding to International Accounting Standards; and,
- (iii) Interpretations to existing standards – representing interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the FRSC and Board of Accountancy (BOA) and adopted by the SEC.

The preparation of financial statements in conformity with PFRSs Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

MDR SECURITIES, INC.**Notes to Financial Statements**

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

(In Philippine Peso)

Functional and Presentation Currency

These financial statements are presented in Philippine Peso, the Company's functional and presentation currency, and all values represent absolute amounts, except when otherwise indicated.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (functional currency).

Deferral of certain provision of PAS 19

The Company deferred the implementation of certain provisions of PAS 19 (Amended and Revised) particularly on the actuarial valuation of the retirement liability. The management believes that it has no material impact to the Company except for certain required disclosures of actuarial assumption on defined benefit obligation. The Company has already provided accrual of retirement benefits based on the provisions of Republic Act No. 7641 (known as the Retirement Law). As stated in Note 1, the Company has 9 employees as of December 31, 2025. The Management believes that RA 7641, as the statutory basis, is a reliable and most practical base in computing employees' retirement benefit. The Company has no plan asset and fully recognized retirement obligation based on RA 7641.

Basis of measurement

The financial statements have been prepared using the measurement bases specified by PFRSs Accounting Standards for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost basis except for:

- Financial assets through profit or loss measured at fair value;
- Properties measured at revalued amount;
- Investment properties measured at fair value;
- Accrued retirement benefits measured at present value;

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The measurement bases are more fully described in the subsequent section of this notes.

Current vs. Noncurrent classification

The Company presents assets and liabilities in the statements of financial position based on current/noncurrent classification. An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities, if any, are classified as noncurrent asset and liability, respectively.

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New and Amended Standards

The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following amended standards as at January 1, 2025. The Company's has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

1. Adoption of New and Revised Accounting Standards Effective in 2025

i. Amendments to PAS 21, *Lack of Exchangeability*

The amendment listed above does not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2. New Accounting Standards Effective after the Reporting Period 2026

Effective beginning on or after January 1, 2026

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

The Management is assessing the possible impact of the amendments to the future reporting periods and on foreseeable future transactions.

ii. Amendments to PFRS 7 and 9, *Contracts Referencing Nature-dependent Electricity*

iii. Annual Improvements to PFRS Accounting Standards - Volume 11

The amendments listed above did not have material impact on the amounts recognized in current period and are not expected to significantly affect the future periods.

Effective beginning on or after January 1, 2027

i. PFRS 18, *Presentation and Disclosure in Financial Statements*

The Management is assessing the possible impact of the amendments to the future reporting periods and on foreseeable future transactions.

ii. PFRS 19, *Subsidiaries without Public Accountability*

iii. PFRS 17, *Insurance Contracts*

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

Deferred

i. Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Other PIC Q&As Issued in 2025

i. Q&A No. 2025-01, *Timing of recognition for the cost of plastic packaging diversion activities under the Extended Producer Responsibility Act of 2022.*

The above Q&A has no impact on the Company's financial statements in the current or future reporting periods and on foreseeable future transactions.

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Securities transactions

Securities transactions (and the related commission income and expenses) are recorded on a transaction date basis.

Securities valuation

Securities are valued using the latest closing price at the end of the year for securities with trading transactions at the stock exchanges or in the absence thereof, the latest bid or ask price. When current bid and ask price are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been significant change in economic circumstances since the time of the transaction.

Financial instruments

Initial Recognition and Measurement

Financial assets are classified at fair value at initial recognition and subsequently measured at amortized cost, fair value through OCI, and fair value through profit or loss.

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

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

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

Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

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

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

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

The Company's cash on hand and in banks and receivables are included in this category as of December 31, 2025 and 2024.

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Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

This category includes derivative instruments and listed equity investments.

The Company's financial assets at fair value through profit or loss as of December 31, 2025 and 2024 consists of listed equity securities.

However, the Company may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

- a. the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3 applies, in OCI; and
- b. financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI).

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

Impairment of financial assets

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

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

For cash in banks, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash since initial recognition.

For due from customers and non-customers, the Company calculates ECL (Specific and General Provisions) for overdue accounts on all non-performing customer accounts in accordance with the mandatory guidelines provided under SEC Memorandum Circular 16-2004 for which the Company assessed adequately considers ECL. Specific provisions for expected credit loss are made for contra losses, overdue purchase contracts and margin accounts classified as "Doubtful" or "Loss" depending on the default period each respectively has. Specific provision is computed by getting, for each "Doubtful" account, an amount equivalent to 50% of the amount outstanding, net of collateral and 100% of the amount outstanding, net of collateral, for each "Loss" account. The basis of the computation would be the individual accounts. Also, a general provision is established equivalent to 2% of the Company's total receivables net of the balance of the specific reserve for overdue accounts. 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.

Significant increase in credit risk

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

For trade receivables, non-trade receivables, advances to officers and employees, refundable deposits and other receivables recognizing ECL applying simplified approach, the Company does not track changes in credit risk, but instead recognizes loss allowance based on lifetime ECL at each reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking information.

Default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- a. when there is a breach of financial covenants by the debtor; or
- b. information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 30 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal and 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 flow.

Write-off

Financial assets are written off when the Company has no reasonable expectations of recovering the financial asset either in its entirety or a portion of it. This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statements of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 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 of 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 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, borrowings, due to related parties and other non-current liabilities (excluding local and other taxes and payable to government agencies).

Subsequent measurement

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

- *Financial liabilities at FVPL.* Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVPL. Financial liabilities are 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. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of income. Financial liabilities designated upon initial recognition at FVPL are designated at the initial recognition date, and only if the criteria in PFRS 9 are satisfied.

The Company has not designated any financial liability at FVPL.

- *Other financial liabilities.* This is the category most relevant to the Company. This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations and borrowings.

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when other financial liabilities are derecognized, as well as through the EIR amortization process.

This category applies to the Company's borrowings, payables to customers and non-customers, accrued expenses and other payables (excluding advances from customers/unearned revenues, statutory and taxes payables).

"Day 1" difference

Where 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 which variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where data used are not observable, the difference between the transaction price and model value is only recognized in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, we determine the appropriate method of recognizing the "Day 1" difference amount.

Derecognition

A financial liability is derecognized when the obligation under the 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 liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

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.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement 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 assesses that it has a currently enforceable right of 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.

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Property and equipment

Property and equipment are initially measured at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Expenditures for repairs and maintenance are charged to expense as incurred, significant renewals and improvements are capitalized. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

At the end of each reporting period, item of property and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation and impairment losses.

Following initial recognition at cost, office unit is carried at revalued amounts which are the fair values at the date of the revaluation, as determined by independent appraisers, less subsequent accumulated depreciation and any accumulated impairment losses. Revalued amounts are fair market values determined in appraisals by external professional valuers unless market-based factors indicate impairment risk. Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. The appraisal report is made by the appraisers every 5 years. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

When an item of property such as building is revalued, the gross carrying amount is restated proportionately to the change in the carrying amount and the accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Any revaluation increase arising on the revaluation of condominium units is credited to revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such condominium units is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation and amortization are computed on the straight – line basis over the estimated useful lives of the properties, as follows:

Asset Category	Estimated Useful Lives
At cost	
Transportation equipment	5 years
Furniture and fixtures	5 years
Office equipment	5 years
At revaluation	
Office unit	40 years
Office unit improvements	8 years

Depreciating an item begins when property and equipment is available for use and continues until it is derecognized, even if in that period that item is idle.

The depreciation method and useful lives are reviewed periodically to ensure that the method and periods of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

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Leasehold improvements, if any, are recorded at cost and are being amortized over the term of the lease or the estimated useful lives of the assets, whichever is shorter.

Depreciation on revalued properties is recognized in profit or loss. The revaluation surplus is transferred by the Company to retained earnings as the assets are used by the entity. The amount of the surplus transferred is the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount of the assets. The cost and related accumulated depreciation of assets sold/disposed of or retired are removed from the property and equipment accounts and any resulting gain or loss is credited or charged to other operating income.

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

Investment properties

Investment property is initially recognized at cost including transaction costs. For measurement after initial recognition, an entity shall choose as its accounting policy either the fair value model or the cost model in valuing investment property. Under the fair value model, the investment property is measured at fair value with gains or losses arising from changes in fair value recognized in profit or loss on the period on which they arise. Under the cost model, the investment property is measured at depreciated cost (less any accumulated losses).

The Company adopts the fair value model in accounting for its investment property. Fair values are determined by the Company every three to four years based on an appraisal performed by an independent firm of appraisers, an industry specialist in valuing these types of investment properties as accredited by Philippine SEC.

Expenditures incurred after the investment property has been put into operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Transfers to, or from, investment property shall be made only when there is a change in use. Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statement of comprehensive income in the year of retirement or disposal.

Impairment of property and equipment

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

An impairment loss is charged against operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset, if any.

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

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exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Intangible assets

An intangible asset shall be recognized if the following conditions are present:

- a) It is probable that future economic benefits attributable to the assets will flow to the entity.
- b) The cost of the intangible asset can be measured reliably.

The Company's intangible assets include acquired PSE trading rights and software which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition.

Intangibles are carried at cost less impairment loss. Intangibles are reviewed for impairment annually or more frequently if events or changes in circumstances that the carrying values maybe impaired. The exchange trading right is deemed to have an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. The Company does not intend to sell the exchange trading right in the near future.

Intangible assets with indefinite useful life will not be amortized but shall be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for the assets.

Provisions and contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long term provisions are discounted to their present values, where time value of money is material.

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

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not meet the recognition criteria of an asset are considered contingent assets, hence are not recognized in the financial statements.

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

Fair value measurement

Financial instruments, such as, financial assets through profit or loss and non-financial assets such as investment properties, are measured at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 25.

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

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that the transaction to sell the asset or transfer the liability takes place either: (i) in the principal market for the asset or liability, or (ii) 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 unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: (i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities; (ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair

value measurement is directly or indirectly observable; and (iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the 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 input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as investment properties. External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. At each reporting date, the movements in values of assets and liabilities which are required to be re-measured or re-assessed are analyzed.

Revenue and cost recognition

Revenue recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company has concluded that it is the principal in all of its revenue arrangements because it typically controls the goods or services before transferring them to customers except for its brokerage transactions.

The following specific recognition criteria must also be met before revenue is recognized:

Broker's Commissions

The Company engages in stock brokerage where revenue is recognized on a commission basis. Commission revenue are generally recognized when control of the goods/services transferred to the customer. In the case of the Company, the control typically transfers at the trade date upon confirmation of trade deals. Trade date is the time that the Company, as a broker, was able to buy (in a buying transaction) or sell (in a selling transaction) the shares in behalf of the Company's clients. Commissions are computed for every trade transaction based on a flat rate or a percentage of the amount of trading transaction, whichever is higher.

Gain (loss) on:

- Trading gains or losses – represents gain or loss arising from trading activities including all gain and losses from changes in fair values of financial assets at FVPL and gains and losses from disposal of investment securities at FVPL.

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- Sale of securities – represents results arising from trading activities.
- Fair value of financial assets – includes gains or losses from changes in fair value of financial assets at fair value through profit or loss.
- Fair value of investment property – includes gains or losses from changes in fair value which is included in profit or loss.

Interest income – is recognized as the interest accrues taking into account the effective yield on the asset. For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as investment securities at FVOCI (if any), interest income is recognized at the EIR, which is the rate that effectively discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument, including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as “interest income”.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis. Once the recorded value of a financial asset or group of similar financial assets carried at amortized cost has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR applied to the new carrying amount.

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

Rental income is recognized on the period it was earned.

Other income is income generated outside the normal course of business and is recognized as earned and when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

Cost and expense recognition

Expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Expenses are recognized in profit or loss; on the basis of a direct association between the costs incurred and the earning of specific terms 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 the income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the function of expense method. Cost of services such as commissions, direct personnel costs, stock exchange dues, central depository fees and other directly related costs are recognized when the related revenue is earned or when the service is rendered. The majority of the operating expenses incurred by the Company such as indirect personnel costs, professional fees, and other operating expenses are overhead in nature and are recognized with regularity as the Company continues its operations.

Impairment of assets

Impairment of non-financial assets

The Company's intangible assets, property and equipment and investment properties are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

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An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value. Reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior period, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

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

Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset to be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Most changes in deferred tax assets or liabilities are recognized as component of tax expense in the statements of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Management reviewed the Company's investment property portfolios and concluded that none of the Company's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Management had determined that the 'sale' presumption set out in the amendments to PAS 12 is not rebutted. As a result, the Company had recognized deferred taxes on changes in fair value of the investment properties based on the applicable tax rates on the sale of properties classified as capital assets.

Equity

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

Share capital is determined using the nominal value of shares that have been issued. Ordinary shares carry one vote per share and carry a right to dividends.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

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Accumulated profits (losses) include all current and prior period results as disclosed in the statements of comprehensive income.

Unappropriated retained earnings represent the free portion of the accumulated profits of the Company. Appropriation of retained earnings is made in accordance with SRC Rule 49.1 (B) Reserve Fund, of SEC Memorandum Circular No. 16-2004.

Employee benefitsShort-term benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses, and other non-monetary benefits, if any.

Post-employment benefits

The Company has yet to adopt a formal retirement plan for the benefit of its qualified employees.

The Company, however, is subject to the provisions of Republic Act (RA) No. 7641 (known as the Retirement Law). This law requires that in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private company, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, a fraction of at least 6 months being considered as 1 whole year. The current service cost is the present value of benefits, which accrue during the year.

Events after reporting date

The Company identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

Note 3 – Significant accounting judgments and estimates

The preparation of financial statements in conformity with PFRSs Accounting Standards requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes to financial statements. The 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. Actual results could differ from such estimates.

Critical Management Judgments in Applying Accounting Policies

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

a. Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of liquidity and model inputs such as correlation and volatility.

b. Financial assets not quoted in an active market

The Company classifies financial assets by evaluating among others, whether the asset is quoted or not in an active market in the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transaction on an arm's length basis.

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c. Functional currency

The Company has determined that its functional currency is the Philippine Peso, which is the currency of the primary environment in which the Company operates. It is the currency that mainly influences the sale of goods and services and the Company's operations.

d. Distinction Between Investment Properties and Owner-Managed Properties

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generated cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in providing the services.

e. Determination of significant influence

Management exercises its judgment in determining whether the Company has control over another entity by evaluating the substance of relationship that indicates the significant influence over its associates. The recognition and measurement of the Company's investment over these entities will depend on the result of the judgment made.

Based on the assessment made by the Management, the Company has no associate where it has significant influence.

f. Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision are discussed in Note 2.

g. Revenue from contracts with customers

Determination of timing of revenue recognition

Revenue from contracts with customers include commission income. Significant judgment is required to determine whether performance obligation is satisfied at point in time or over time. The Company buys and sells securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commissions and related clearing expenses are recorded on the trade date (the date that the Company fills the trade order by finding and contracting with a counterparty and confirms the trade with the customer). The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer. On the trade date, the customer has obtained control of the service because it can direct the use of, and obtain substantially all of the remaining benefits from, the asset that comes from the trade execution service.

h. Significant increase in credit risk

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

i. Determining ability to continue as going concern

The management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Company is not aware of any material uncertainties that may cast significant doubts upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

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j. Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

k. Recognition of deferred tax asset

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

l. Presentation of third statement of financial position

It will often be necessary for the management to exercise judgment in determining whether an additional statement of financial position at the beginning of the earliest comparative period is required to be presented. When applying judgment, it is necessary to consider whether the information set out on an additional statement of financial position would be material to users of the financial statements.

Key Sources of Estimation Uncertainty

The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the Company's financial statements. Actual results could differ from those estimates. The following are the relevant estimates performed by management on its December 31, 2025 and 2024 financial statements:

a. Estimating useful lives of property and equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically 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 the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

Property and equipment, net of accumulated depreciation amounted to ₱19,979,239 and ₱20,781,535, as of December 31, 2025 and 2024 respectively (see note 9).

b. Investment properties

The Company has adopted the fair value approach in determining the carrying value of its investment properties. While the Company has opted to rely on independent appraisers to determine the fair value of its investment properties, such fair values were determined based on recent prices of similar properties, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair values for any period would differ if the Company made different judgments and estimates or utilized different basis for determining fair value. Also, it is the Company's policy that fair values be determined every three to four years based on an appraisal performed by an independent firm of appraisers.

The carrying amounts of investment properties carried at fair value amounted to ₱17,340,000 in both years 2025 and 2024 (see note 10).

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c. Impairment of property and equipment and investment properties

The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for all business; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets.

d. Determining the fair value of financial instruments

The Company carries some of its financial assets at fair value, which requires extensive 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, volatility rates, the amount of changes in fair value would differ if the Company utilized different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

In determining the fair value of the Company's financial assets through profit or loss, the valuation procedures for trading securities in accordance with the provision of the Securities Regulation Code (SRC) No. 50 was adopted which mandates the use of last trade prices instead of PFRSs Accounting Standards which require the use of current bid prices for the valuation of securities. The last trade prices were determined from the Quotation Reports as issued by the Philippine Stock Exchange.

As of December 31, 2025 and 2024, the carrying amounts of financial assets carried at fair value subsequent to initial recognition amounted to ₱8,108,188 and ₱6,530,600, respectively (see note 5).

e. Allowance for expected credit losses on receivables

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the customers. The customers' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience.

The Company reviews its receivables to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables.

Allowance for expected credit losses on receivables amounted to ₱506,588 and ₱1,002,215 as of December 31, 2025 and 2024, respectively (see note 6).

f. Realizable amount of deferred tax asset

The Company reviews its deferred tax asset at each report date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax asset amounted to ₱9,092,718 and ₱9,296,510, as of December 31, 2025 and, 2024, respectively (see note 20).

MDR SECURITIES, INC.**Notes to Financial Statements**

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g. Impairment of non-financial assets

PFRSs Accounting Standards requires that an impairment review be performed when certain impairment indicators are present. The Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

h. Impairment of intangibles

Intangibles include exchange trading rights which are carried at cost less any allowance for impairment loss. Exchange trading rights are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. The exchange trading rights are deemed to have indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company.

Intangibles of the Company amounted to ₱792,000 in both years presented. (see note 11)

i. Retirement benefits

PAS 19 requires the recognition of retirements benefits for the Company's employees. Also enterprises are to provide retirement benefits as mandated by law.

The Company is subject to the provisions of Republic Act No. 7641 (known as the Retirement Law). This law requires that in the absence of a retirement plan of agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private company, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, fraction of at least 6 months being considered as 1 whole year. The current service cost is the present value of benefits, which accrue during the year.

Under the present Internal Revenue laws, only contribution to retirement funds or accrual of retirement expense under duly approved Retirement Plan can be deductible for tax purposes. In the absence of an approved plan, accrual of retirement expenses can only be deducted for tax purpose upon actual retirement of employees in accordance with the provision of RA No. 7641.

Note 4 – Cash on hand and in banks

The account at December 31 consists of:

	2025	2024
Cash in banks	7,026,964	3,564,179
Petty cash fund	4,000	4,000
	7,030,964	3,568,179

In compliance with SRC Rule 49.2 covering customer protection and custody of securities, the Company maintains special reserve bank accounts (included in "cash in banks") for its customers amounting to ₱6,564,882 and ₱3,112,924 as of December 31, 2025 and, 2024, respectively. The Company's reserve requirement is determined based on the SEC's prescribed computations. As of December 31, 2025 and 2024, the Company's cash reserve accounts are adequate to cover its reserve requirements.

Note 5 – Financial assets through profit or loss

This account is broken down as follows:

	2025	2024
Various equity instruments	8,108,188	6,530,600

This account consists of financial assets which are listed equity securities in the Philippines.

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All amounts presented have been determined directly by reference to published prices quoted in an active market using last trade price.

The Company's net trading gain (losses) follows:

	2025	2024
Gain (Loss) on sale of securities	776,703	(910,846)
Fair value loss on financial assets through profit or loss	561,729	(1,131,301)
	1,338,432	(2,042,147)

Dividend income of the Company from financial assets through profit or loss amounted to ₱7,804 and ₱17,159 in 2025 and 2024, respectively.

Note 6 – Due from customers

The security values of the debit balances of customers' accounts are presented below:

	2025			2024		
	<u>Debit</u>	<u>Security valuation</u>		<u>Debit</u>	<u>Security valuation</u>	
		Long	Short		Long	Short
Cash fully secured accounts:						
More than 250%	1,617,139	9,187,173	-	1,977,883	8,897,486	-
Between 200% and 250%	993,739	2,104,281	-	3,133,898	6,683,203	-
Between 150% and 200%	3,127,872	5,836,535	-	31,317	49,230	-
Between 100% and 150%	97,586	112,318	-	2,529,635	2,839,365	-
Total	5,836,335	17,240,307	-	7,672,733	18,469,284	-
Partially secured accounts:						
Less than 100%	469,459	412,554	-	2,316,886	1,815,054	-
Unsecured accounts	83,090	-	-	160,779	-	-
Total	552,549	412,554	-	2,477,665	1,815,054	-
Grand total			-	10,150,398	20,284,338	-
Allowance for expected credit losses	(506,588)	-	-	(1,002,215)	-	-
Net	5,882,296	17,652,861	-	9,148,183	20,284,338	-

A reconciliation of the allowance for expected credit losses at the beginning and end of 2025 and 2024 is shown below.

	2025	2024
Beginning of the year	1,002,215	713,598
Provision for (Reversal of) expected credit losses during the year	(495,627)	288,617
Balance at the end of the year	506,588	1,002,215

The Amended Implementing Rules and Regulations of the SRC effective August 24, 2023

Amendments on the 2015 implementing rules and regulations of the securities regulation code (The 2015 SRC Rules) and SEC memorandum circular no. 16 series of 2004 relative to the settlement cycle from T-3 to T-2.

In 2023, Section 3 of SRC 52 was amended in Rule 52.1.11.2 wherein the aging schedule shall indicate the monetary and securities collateral values of the customers' receivable as of end of month, broken down as follows:

Classification
T+0 to T+1
T+2 to T+12
T+13 to T+30
T+31 up

52.1.11.3 Allowance for doubtful accounts (ADA) shall appropriate in every broker dealer using and in accordance with the following schedule:

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

Specific provisions for ECL shall be made for customer accounts qualifying as non-performing accounts (contra losses, overdue purchase accounts, and margin accounts).

These accounts are classified as Doubtful or Loss depending on the default period each respectively has as follows:

Type of account	Criteria for classification of account as non-performing	Date for classification	Period when account is overdue	Classification
1. Contra losses	When the account remains unpaid starting from T+3 or more from the date of contra-transaction	T+3	a) T+3 to 30 calendar days	Doubtful
			b) over 30 calendar days	Loss
2. Overdue purchase accounts	When the account remains unpaid starting from T+13	T+13 or when the broker exercises its right of mandatory close out over the securities serving as collateral	a) T+13 to 30 calendar days	Doubtful
			b) over 30 calendar days	Loss
3. Margin accounts	When, upon making a margin call, the period to put up equity to meet the margin deficiency has expired.	Upon expiration of period	When the equity has fallen below the required minimum margin maintenance, and the margin deficiency is more than ₱10,000	Loss

Allowance for expected credit losses on due from customers is being computed on a per customer or individual accounts.

The collateral for the secured accounts represents the equivalent market value of shares pledged to secure the amount of securities and other property purchased or held by the Company for its customers. The Company is authorized to pledge, re-pledge or loan, either to itself or to others, from time to time and without need of notice to its customers for any liability which may exist in favor of it. It is further authorized at its own discretion and at any time to sell all or part of such securities and property without prior notice to the customers whenever in its judgment the liabilities are adequately secured.

Consideration is also given if the shares are inside or outside PSE index. PSE index is composed of top largest 30 corporations that are most active in trading. This is to give a snap shot of the result of PSE activity. When a share of stock is within PSE index, the allowable collateral is equivalent to 75% of the total market value of a share of stock. However, if the stock is outside PSE index, the allowable collateral is only 65% of the market value of the stock. Providing haircut for the market value of shares is for the protection for the exposure of the brokers.

Note 7 – Prepayments

This account consists of prepaid insurance amounting to ₱25,927 and nil and as of December 31, 2025 and 2024 respectively. This will be amortized over the remaining covered period of the following year.

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Note 8 – Other assets

This account consists of:

	2025	2024
Input tax	1,007,539	1,316,885
Creditable withholding tax	-	88
	1,007,539	1,316,973

Note 9 – Property and equipment-net

The Company's property and equipment as of December 31, 2025 and 2024 consists of:

Cost or valuation

	Transportation Equipment	Office Unit and Improvements	Office Equipment	Furniture and Fixtures	Total
As of January 1, 2024	1,879,464	25,978,024	1,074,020	832,216	29,763,724
Additions	-	-	8,096	-	8,096
Increase in fair value upon revaluation	-	-	-	-	-
Disposals	-	-	-	-	-
As of December 31, 2024	1,879,464	25,978,024	1,082,116	832,216	29,771,820
Additions	-	-	-	-	-
Increase in fair value	-	-	-	-	-
Disposals	-	-	-	-	-
As of December 31, 2025	1,879,464	25,978,024	1,082,116	832,216	29,771,820

Comprising:

	Transportation Equipment	Office Unit and Improvements	Office Equipment	Furniture and Fixtures	Total
December 31, 2025					
At cost	1,879,464	-	1,082,116	832,216	3,793,796
At valuation	-	25,978,024	-	-	25,978,024
	1,879,464	25,978,024	1,082,116	832,216	29,771,820
December 31, 2024					
At cost	1,879,464	-	1,082,116	832,216	3,793,796
At valuation	-	25,978,024	-	-	25,978,024
	1,879,464	25,978,024	1,082,116	832,216	29,771,820

Accumulated depreciation and impairment

	Transportation Equipment	Office Unit and Improvements	Office Equipment	Furniture and Fixtures	Total
As of January 1, 2024	1,879,464	4,461,255	994,970	832,216	8,167,905
Depreciation charge for the year	-	468,729	33,436	-	502,165
Proportionate increase upon revaluation	-	320,215	-	-	320,215
Disposal/retirement	-	-	-	-	-
As of December 31, 2024	1,879,464	5,250,199	1,028,406	832,216	8,990,285
Depreciation charge for the year	-	468,729	13,352	-	482,081
Proportionate increase upon revaluation	-	320,215	-	-	-
Disposal/retirement	-	-	-	-	-
As of December 31, 2025	1,879,464	6,039,143	1,041,758	832,216	9,792,581

MDR SECURITIES, INC.**Notes to Financial Statements**

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

(In Philippine Peso)

Carrying amounts

As of December 31, 2025	-	19,938,881	40,358	-	19,979,239
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Carrying amounts

As of December 31, 2024	-	20,727,825	53,710	-	20,781,535
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Revaluation

In 2022, the Company's condominium units are restated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation of the Company's condominium unit was made on July 20, 2023 by Royal Asia Appraisal Corporation that is duly accredited with the SEC. The fair value of the condominium units arrived at using the Market Approach based on sales and listings of comparable properties registered within the vicinity. This was done by establishing the differences between the subject property and those actual sales and listings regarded as comparable. Comparison was premised on the factors of floor level location, size of the unit, parking space allocation, facilities offered, and the time element involved. Fair market value of the condominium units was estimated at ₱22,305,714 as of December 31, 2022. As a result of the revaluation, the Company recognized an increase in fair value in 2022 amounting to ₱2,469,746 with corresponding increases in revaluation increment net of tax amounting to ₱1,852,309. In 2023, adjustment on revaluation increment amounting to ₱459,738 due to tax rate adjustment.

The carrying amount that would have been recognized had the office and improvements been carried under the cost model amounts to ₱11,704,788 and ₱12,173,518 as of December 31, 2025 and 2024 respectively and shown as follows:

	2025	2024
Cost		
At January 1	15,253,953	15,253,953
Additions / Reclassification	-	-
At December 31	15,253,953	15,253,953
Accumulated Depreciation		
At January 1	3,080,435	2,611,706
Depreciation for the year	468,730	468,730
At December 31	3,549,165	3,080,435
Carrying amount	11,704,788	12,173,518

The depreciation expense charged to operations amounts to ₱802,297 (2024 – ₱822,380).

The office unit is used as collateral for the Company's loans with BDO (see note 14). No other item of the Company's property and equipment has restricted title. Also, the Company has no transaction involving contractual commitments for the acquisition of property and equipment.

Management believes that there is no indication that an impairment loss has occurred in both years.

Note 10 – Investment properties

The fair values of the Company's investment property as shown in the statements of financial position are as follow:

	2025	2024
Baguio house and lot	9,640,000	9,640,000
Tagaytay land	7,700,000	7,700,000
	17,340,000	17,340,000

MDR SECURITIES, INC.**Notes to Financial Statements**

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

(In Philippine Peso)

The reconciliation of the carrying amounts of the Company's investment properties are as follows:

	2025	2024
Balance at January 1	17,340,000	17,340,000
Additions	-	-
Disposals	-	-
Fair value gain recognized in profit or loss	-	-
Reclassified to asset held for sale	-	-
	17,340,000	17,340,000

The details of fair value amounts of the Company's investment properties are as follows:

	Condominium unit	Baguio house and lot	Tagaytay land	Total
Fair value, January 1, 2024	-	9,640,000	7,700,000	17,340,000
Fair value gain during the year	-	-	-	-
Reclassified to asset held for sale	-	-	-	-
Fair value, December 31, 2024	-	9,640,000	7,700,000	17,340,000
Fair value gain (loss) during the year	-	-	-	-
Fair value, December 31, 2025	-	9,640,000	7,700,000	17,340,000

The fair values of the Company's investment properties as at 2025 were determined based on the valuation reports carried out by Royal Asia Appraisal Corporation dated July 2020. The valuation, which conforms to Philippine Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

Fair values are determined by the Company every three to four years based on an appraisal performed by an independent firm of appraisers. The management believes that the balances of fair values of investment properties represent its recoverable current fair value.

Direct operating expense pertaining to real property tax and association dues on investment properties amounted to ₱31,026 in both years.

The Company has no income-generating investment properties as of December 31, 2025 and 2024.

As of December 31, 2025 and 2024, there were no restrictions on the realizability of investment properties or on the remittance of income and proceeds of disposal.

All of the Company's investment property is pledged as collateral for the loan with the Bank of the Philippine Islands (see note 14).

There are no contractual obligations entered with to purchase, construct or develop investment property in both years.

Note 11 – Intangibles

The Company's intangible asset represents its Exchange Trading Rights with carrying value of ₱792,000 as of December 31, 2025 and 2024. The market value of the trading right amounting to ₱8,000,000 in both years mentioned. The market value is based on the certification issued by PSE dated February 2, 2026 (2024 - January 24, 2025) subject of the most recent sale approved by the PSE Board of Directors on September 17, 2025.

In its meeting in May 28, 2010, the Commission approved PSE's rules governing trading rights and trading participants amending Section 7 Article 2 which states that unless a trading participant has arranged a form of guarantee acceptable to the Exchange, the trading participant shall pledge its trading rights to the extent of its full value to secure the payment of all debts and claims due to the clients of the trading participant, the government, Exchange, and to other trading participants of the Exchange and to the Securities Clearing Corporation of the Philippines.

MDR SECURITIES, INC.**Notes to Financial Statements**

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

(In Philippine Peso)

On February 12, 2010, PSE received the pledge agreement executed between the Company ("Pledgor") and The Philippine Stock Exchange, Inc. ("Pledgee") which states that in accordance to the Amended By – Laws of the Pledgee, the Company as a trading participant pledged its trading rights, evidenced by Certificate No. 105, to secure all its debts and obligations to the Pledgee.

Effect of the Philippine Stock Exchange (PSE) Demutualization on the Accounting Treatment of the Investment in PSE Shares of Stocks and the PSE Trading Right

Under the Philippine Stock Exchange (PSE) rules, all exchange membership seats are pledged at its full value to the PSE to secure the payment of all debts due to the other members of the exchange arising out of or in connection with the present or future members' contracts. Accordingly, the PSE maintains a Trade Guarantee Fund to ensure the performance of its members.

The demutualization of the PSE, which was approved by the Securities and Exchange Commission (SEC) in August 2001, has resulted to the conversion of the Company's PSE membership seat into 50,000 shares of PSE common stock (with ₱1 par value), as well as a PSE trading right. The Company's ownership of the PSE shares of stock is deemed legally separate from its ownership of the PSE trading right. Accordingly, the PSE shares of stock can be transferred independently of the PSE trading rights without any restriction.

On April 1, 2004, the Philippine Stock Exchange, Inc. prepared guidelines for consistency and uniformity on the values to use for the purpose of cost allocation of carried over investment in the Exchange from Membership Seat to Trading Rights and PSE shares by Trading Participants after the demutualization of the PSE.

Note 12 – Due to customers

The security values of the credit balances of customers' accounts are presented below:

	2025		2024			
	Credit	Security valuation	Credit	Security valuation		
		Long	Short	Long	Short	
With money balance	11,781,537	156,028,898	-	11,120,336	482,283,648	-
Without money balance	-	814,649,043	-	-	226,803,009	-
Total	11,781,537	970,677,941	-	11,120,336	709,086,657	-
					2025	2024
Due to customers					11,781,537	11,120,336

Note 13 – Due from and to non-customers

This account pertains to debit and credit balances in the accounts of non-customers such as general partners and principal officers of the Company. As of December 31, 2025 and 2024, the balance of due from and to non-customers and the corresponding security valuation are as follow:

	2025		2024	
	Balance	Security valuation	Balance	Security valuation
Due from non-customers	72,686	7,575,250	323,063	2,922,828
Due to non-customers	(2,862,677)	8,703,675	(1,773,764)	5,579,844
	(2,789,991)	16,278,925	(1,450,701)	8,502,672

MDR SECURITIES, INC.**Notes to Financial Statements**

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

(In Philippine Peso)

Note 14 – Borrowings

The interest-bearing loans and borrowings are as follows:

	2025	2024
Current		
<i>Bank Loans</i>		
Bank of the Philippine Islands (BPI)	2,000,000	3,800,000
BDO- current portion	1,837,403	1,691,678
Total	3,837,403	5,491,678
Noncurrent		
<i>Bank Loans</i>		
BDO	4,655,166	6,484,326
Total borrowings	8,492,569	11,976,004

The bank loans under BPI represent short-term secured loans and bear annual interest rates ranging 8.50% - 8.5943% and will mature in 2025. These are secured by the continuing suretyship of a Company's nominee director amounting to ₱20,000,000 and real estate mortgage with the following as collateral:

- Parcel of land with Transfer Certificate of Title No. 91395 under the name of MDR Securities, Inc. located in Baguio City.
- Parcels of land with Transfer Certificate of Title No. T – 138171 and T – 138172 under the name of MDR Securities, Inc. located in Batangas City.

The bank loan under BDO as of December 31, 2025 and 2024 bears an annual interest rate of 5.880% and is due and payable on March 16, 2029. This is secured by a real estate mortgage located at B4 Philippine Stock Exchange at One Bonifacio High Street, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City (see note 9).

Total interest expense and other bank charges in 2025 and 2024 amounted to ₱910,546 and ₱1,064,860, respectively, and is included under "Interest and other financing charges" in the statements of comprehensive income.

Note 15 – Receivable from/payable to clearing house

A clearing house is an institution who acts as intermediary in making deliveries upon payment to effect the settlement in securities transactions. Philippine Stock Exchange owns the Securities Clearing Corporation of the Philippines (SCCP), a private institution organized primarily as a clearance and settlement agency for depository eligible trades executed at PSE. It is responsible for the settlement of funds and transfer of securities.

In a buying transaction, the broker owes the clearing house for the stocks he will buy in behalf of his customers. In a selling transaction, the clearing house owes the broker for the proceeds of the stocks sold by the broker, again, in behalf of his customers. Every transaction date, all transactions of a broker will be summarized, if the buying transactions exceeds the selling transactions this means that the buyer has larger obligations to SCCP than the amount he will get resulting to a 'due clearing'. If selling transactions exceeds the buying transactions, the clearing house has a larger obligation resulting to a 'due broker'.

The balances of receivable from/payable to clearing house as of December 31, 2025 and 2024 are as follow:

	2025	2024
Receivable from clearing house	78,452	896,620

Receivable from clearing house represents the cash settlement entitlement of the Company to be received from clearing house, Securities Clearing Corporation of the Philippines, during or after the settlement of the "clearing house-eligible trades". These receivables arise from selling transactions for the account of customers and the Company's own account on settlement date. Payable to clearing house represents cash settlement obligations of the Company to clearing house to facilitate the settlement of "clearing house-eligible trades".

In 2025 and 2024, selling transactions have exceeded buying transactions resulting to receivable from clearing house. Receivables from clearing house as of December 31, 2024, were fully collected during the first two trading days on January 2025. All equity transactions have a settlement period of T+2 (trading day + 2 working days) following the settlement convention of the Philippines' clearing house.

MDR SECURITIES, INC.**Notes to Financial Statements**

As of and for the years ended December 31, 2025 and 2024
(In Philippine Peso)

Note 16 – Other payables

This account consists of the following:

	2025	2024
Payable to government agencies	157,439	165,256
Accrued expenses	7,730	7,730
Others	80,996	81,370
	246,165	254,356

Others pertain to contractual obligations of the Company to its creditors that are payable on demand. These also include subscriptions payable and payable to transfer offices and clearing houses.

Note 17 – Accrued retirement benefits

Accrued retirement obligation amounted to ₱186,629 and ₱124,130, as of December 31, 2025 and 2024, respectively. Based on management evaluation of the factors considered including the determination of present value of the accrued retirement benefits, the amount of accrued retirement obligation is deemed sufficient.

No payments were made to retired employees during the years presented.

Note 18 – Revenues

Revenues consist of:

	2025	2024
Broker's commission	4,258,824	5,374,645
Others:		
Dividend income	7,804	17,159
Interest income	1,020	11,668
Trading gains (losses) – net (Note 5)	1,338,432	(2,042,147)
Other income	928,190	44,763
	6,534,270	3,406,088

Other income consists of the following:

	2025	2024
Reversal of expected credit losses	495,627	-
Maintenance and processing fees	390,707	44,763
Others	41,856	-
	928,190	44,763

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenues from contracts with customers and revenues not covered under PFRS 15 for the year ended December 31, 2025:

	Services satisfied at a point in time	Revenues outside the scope of PFRS 15	Total
Broker's commission	4,258,824		4,258,824
Trading gains (losses) – net	-	1,338,432	1,338,432
Dividend income	-	7,804	7,804
Interest income	-	1,020	1,020
Other income	-	928,190	928,190
	4,258,824	2,275,446	6,534,270

MDR SECURITIES, INC.**Notes to Financial Statements**

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

(In Philippine Peso)

Set out below is the disaggregation of the Company's revenues from contracts with customers and revenues not covered under PFRS 15 for the year ended December 31, 2024:

	Services satisfied at a point in time	Revenues outside the scope of PFRS 15	Total
Broker's commission	5,374,645	-	5,374,645
Trading losses – net	-	(2,042,147)	(2,042,147)
Dividend income	-	17,159	17,159
Interest income	-	11,668	11,668
Other income	-	44,763	44,763
	5,374,645	(1,968,557)	3,406,088

Note 19 – Personnel costs

The account consists of:

	2025	2024
Salaries and wages	2,336,338	960,058
SSS, Philhealth and Pag-ibig contributions	225,033	192,203
Retirement expense	62,499	-
	2,623,870	1,152,261

The above accounts were distributed as follows:

	2025	2024
Cost of services	2,361,482	1,037,035
Operating expenses	262,388	115,226
	2,623,870	1,152,261

Note 20 – Income tax

The components of income tax benefit as reported in the statements of comprehensive income are as follow:

	2025	2024
Current tax	-	-
Deferred tax	(190,939)	968,717
Income tax benefit (expense)	(190,939)	968,717

The reconciliation of tax on pretax income computed at the applicable statutory rates to income tax benefit (expense) attributable to continuing operations is as follows:

	2025	2024
Loss before tax	(739,041)	(3,277,455)
At statutory rate	147,808	655,491
Tax effect of the following:		
Non-taxable income and income subject to final tax	100,890	5,765
Non-deductible expenses	(170,023)	(583)
Expired MCIT	(33,042)	(34,129)
Effect of change in tax rate	64,043	342,173
Expired NOLCO	(300,615)	-
Income tax benefit (expense)	(190,939)	968,717

Under CREATE Act, the Company shall pay the Minimum Corporate Income Tax (MCIT) or the normal tax whichever is higher starting in its fourth year of operations. MCIT is 2% of gross income as defined by the Act. MCIT in 2025 amounted to ₱51,191 (2024 - ₱51,485), as MCIT is higher than the Regular Corporate Income Tax (RCIT). Any excess of MCIT over the normal income tax shall be carried forward annually and credited against the normal income tax for the next three succeeding taxable years.

The Company is qualified for income tax rate of 20% for the taxable years 2025 and 2024.

MDR SECURITIES, INC.**Notes to Financial Statements**

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

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After considering all income tax credit, the Company's prepaid income tax amounted to ₱1,869,514 and ₱1,858,896, as of the December 31, 2025 and 2024, respectively.

Effective July 2008, Republic Act 9504 was approved giving the corporate taxpayers an option to claim itemized deduction or Optional Standard Deduction (OSD) equivalent to 40% of gross income. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made. In 2025 and 2024, the Company opted to claim itemized deductions.

The Company's deferred tax assets are broken down as follows:

	2025	2024
Unrealized loss on financial assets	7,073,404	7,185,750
NOLCO	1,777,995	1,795,195
MCIT	102,675	84,527
Retirement benefits	37,326	24,826
Doubtful accounts	101,318	206,212
	9,092,718	9,296,510

The deferred tax assets are the effects of expected future income tax benefits relating to:

- Retirement benefits – which will not be deducted until the benefits are actually paid but has already been recognized as an expense in measuring the Company's performance for the year.
- NOLCO – this will be deductible only from taxable income for the next three (3) years following the incurrence of loss except NOLCO incurred in 2021 and 2020 which can be deducted from taxable income for the next five (5) years following the incurrence of loss in accordance with CREATE Act.
- Doubtful accounts – which will be deducted upon reversal of the amount of receivable and compliance with the documentary requirements of the tax regulations.
- MCIT – this will be used as tax credit against tax due for the next three (3) years following the incurrence of MCIT.
- Unrealized gain or loss on financial assets – this will be taxable or deductible upon disposal of financial assets.

Realization of the future tax benefits related to the deferred tax asset is dependent on many factors, including the Company's ability to generate taxable income. Management has considered these factors in reaching a conclusion as to the amount of deferred tax assets recognized as of December 31, 2025 and 2024.

The carry forward benefits of MCIT and NOLCO that can be offset against regular corporate income tax due and taxable income, respectively, are as follow:

Year Incurred	Year of Expiration	Additions (deductions) during the year					
		2024		2025		2025	
		MCIT	NOLCO	MCIT	NOLCO	MCIT	NOLCO
2021	2026	-	1,781,366	-	-	-	1,781,366
2022	2025	33,042	1,503,074	(33,042)	(1,503,074)	-	-
2023	2026	-	4,128,302	-	-	-	4,128,302
2024	2027	51,485	1,563,232	-	-	51,485	1,563,232
2025	2028	-	-	51,191	1,417,077	51,191	1,417,077
Total		84,527	8,975,974	18,149	(85,997)	102,676	8,889,977
Deferred tax asset		84,527	1,795,195	18,149	(17,199)	102,676	1,777,995

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(b) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. As of December 31, 2025, the Company incurred NOLCO which can be claimed as deduction from the regular taxable income for the next 5 or 3 consecutive taxable years pursuant to the Bayanihan to Recover As One Act.

MDR SECURITIES, INC.**Notes to Financial Statements**

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(In Philippine Peso)

The Company's deferred tax liability is as follows:

	2025	2024
Revaluation surplus	1,304,646	1,368,689
Unrealized gain on investment properties	381,071	381,071
	1,685,717	1,749,760

Revaluation surplus - This will be taxable upon the sale of office unit.

Unrealized gain on investment properties - This will be taxable upon the sale of investment properties.

A reconciliation of the deferred tax liability at the beginning and end of 2025 and 2024 is shown below.

	2025	2024
Beginning of the year	1,749,760	2,155,975
Adjustments on deferred tax liability on revaluation surplus	(64,043)	(406,215)
Balance at the end of the year	1,685,717	1,749,760

Enactment of Capital Markets Efficiency Promotion Act (CMEPA)

On May 29, 2025, the President of the Philippines signed into law the Capital Markets Efficiency Promotion Act (CMEPA) as Republic Act (RA) No. 12214 – which aims to promote a simpler, fairer, more efficient, and regionally competitive tax framework for capital markets and passive income to encourage savings and investment. The law was published in the Official Gazette and Manila Bulletin in June 2025 and took effect on July 1, 2025, following its publication.

The CMEPA amends various provisions of the National Internal Revenue Code of 1997, as amended (Tax Code). Its primary purpose is to reduce barriers to capital market participation, streamline tax compliance, lower transaction costs, and align the Philippine tax regime with international and ASEAN peers to deepen and expand the local capital markets.

Revenue Regulation (RR) 19 to 21-2025 outlines the implementing rules and regulations (IRR) to implement pursuant to RA No. 12214. Salient provisions of the Act is as follows:

- Reduction of Stock Transaction Tax (STT) - STT on the sale or exchange of shares listed and traded through a local stock exchange was significantly reduced from 0.60% to 0.10% of the gross selling price or gross monetary value, making equity trading more cost-competitive.
- Adjusted Documentary Stamp Tax (DST) - The DST on the original issuance of shares of stock was reduced from 1 % to 0.75 %. Certain transactions, such as the original issuance, redemption, or transfer of mutual fund shares or UITFs, were exempted from DST.
- Uniform Tax on Interest Income - Interest income from Philippine peso and foreign currency bank deposits, deposit substitutes, trust funds, and similar arrangements are now subject to a uniform 20 % final withholding tax (FWT) regardless of instrument tenure.
- Consistent Capital Gains Tax (CGT) - Capital gains on unlisted shares, whether domestic or foreign (except if sold through a local or foreign stock exchange), are now subject to a 15 % final tax on net capital gains.
- Expanded Definition of "Securities" - The law broadens and clarifies the definition of securities to include a wider range of financial instruments, ensuring consistent tax treatment across different instruments.
- Passive Income Definition and Taxation - "Passive income" was defined for tax purposes, and the Act harmonized its taxation (e.g., interest, dividends, royalties), helping eliminate arbitrage and simplifying compliance.
- PERA Incentive - Private employers who contribute an amount equal to or greater than employees' contributions to Personal Equity and Retirement Accounts (PERA) may claim an additional 50 % tax deduction on their actual contributions (subject to applicable limits).
- Removal/Adjustment of Certain Exemptions — The Act removes select exemptions (e.g., on passive income of GOCCs and pick-ups not used for livelihood) and standardizes tax responsibilities to enhance fairness and broaden the revenue base.

This IRR was issued on August 5, 2025 and became effective on July 1, 2025.

No material impact from the CMEPA is expected on the Company's financial statements for the year ended December 31, 2025.

MDR SECURITIES, INC.**Notes to Financial Statements**

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(In Philippine Peso)

Note 21 – Related party transactions

The Company, in the normal course of business, pays for taxes and licenses of affiliates. The summary and nature of accounts with related parties as of December 31, 2025 and 2024 and for the years then ended are the following:

1. Entities with significant influence over the entity

2025	Nature of Transactions	Amount of Transactions	Outstanding Balance	Impairment	Allowance for Impairment	Settlement	Remarks
Officers / Directors	Due from non-customers	(250,377)	72,686	-	-	Cash	Debit balances in the accounts of officers; secured, receivable within one year
	Due to non-customers	1,088,913	2,862,677	-	-	Cash	Credit balances in the accounts of officers; secured, payable within one year

2024	Nature of Transactions	Amount of Transactions	Outstanding Balance	Impairment	Allowance for Impairment	Settlement	Remarks
Officers / Directors	Professional fee	1,064,760	-	-	-	Cash	Consultancy agreement
	Due from non-customers	322,284	323,063	-	-	Cash	Debit balances in the accounts of officers; secured, receivable within one year
	Advances to officers	(1,000,000)	-	-	-	Cash	Advances to officers; unsecured, payable on demand
	Due to non-customers	(4,293,140)	1,773,764	-	-	Cash	Credit balances in the accounts of officers; secured, payable within one year

2. Other related parties

2024	Nature of Transactions	Amount of Transactions	Outstanding Balance	Impairment	Allowance for Impairment	Settlement	Remarks
Common Control	Payment of taxes and licenses	(1,184,866)	-	-	-	-	Due from affiliate; unsecured, payable on demand

Transactions with related parties include payments made by the Company on behalf of affiliated company and officers, charges for various activities and others. The advances to affiliate and officers are non-interest bearing and have no fixed repayment terms.

The Company, in the normal course of business, pays for taxes and licenses of affiliates.

No provision for uncollectible receivables related to the amount of outstanding balances were set up and in effect, no expense was recognized during the period in respect of doubtful accounts due from related parties. Further, no reversal of allowance for uncollectible receivables was made.

The compensation and benefits to key management personnel of the Company amounted to ₱1,165,490 and nil for the years ended December 31, 2025 and 2024, respectively. In 2024, the officers worked as consultants and received professional fees of ₱1,064,760.

MDR SECURITIES, INC.**Notes to Financial Statements**

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Note 22 – Equity**Share capital**

This is broken down as follows:

	2025	2024
Authorized share capital	₱100,000,000	₱100,000,000
Number of shares	10,000,000	5,000,000
Par value	₱10	₱10
Subscribed share capital	₱65,000,000	₱65,000,000
Paid up capital	₱61,100,000	₱59,000,000
	2025	2024
Issued shares		
Balance at the beginning of the year	5,900,000	5,000,000
Issued during the year	2,100,000	900,000
Balance at the end of the year	6,110,000	5,900,000

As of December 31, 2025 and 2024, the Company has a total number of five (5) shareholders owning 100 or more shares each of the Company's share capital.

The Company is subject to the Revised Securities Act (RSA) Rule 24(a)-1, which requires the maintenance of a minimum net capital of ₱5 million and requires that the percentage of aggregate indebtedness to net capital, as defined shall not exceed 2,000 percent of its net capital. Net capital and related percentage of aggregate indebtedness to net capital, as defined may fluctuate on a daily basis.

Memorandum 2010-0316 of the Philippine Stock Exchange dated June 18, 2010 requires all Trading Participants to have a minimum unimpaired paid up capital, as defined by SEC, of ₱20,000,000 effective December 31, 2010. Further, effective December 31, 2010 onwards, the minimum unimpaired capital shall be ₱30,000,000 (Article III, Sec. 8 of Rules Governing Trading Rights and Trading Participants).

To cope up with the required minimum unimpaired capital during 2010, the Company's shareholders decided to contribute an asset in Tagaytay with an appraisal amount of ₱4,786,000 and by paying additional ₱69,000 in cash. However, in its Memorandum No. 2011-0494 dated October 22, 2011, PSE granted the deferment of the ₱30 million unimpaired paid up capital requirement for the trading participants effective January 1, 2011 – December 31, 2011 subject to the following conditions:

- Trading participants with unimpaired paid up capital falling below ₱30 million shall post surety bond amounting to ₱10 million for the period covering January 1 – December 31, 2011 until the securities held and controlled by the trading participants shall be recorded under the name of the individual clients in the books of the Transfer Agent. This is to cover the risk of investors for the securities held and controlled by the trading participants (TP) and is on top of the surety bond requirement of ₱12 million in compliance with Securities Regulation Code Rule 28.1 of the SRC. Thus, it shall not apply to trading participants with unimpaired paid up capital of ₱30 million and above.
- Implementation of the Margin Requirement of Securities Clearing Corporation of the Philippines.

The deferral granted by the Commission is effective only for the period January 2011 until December 31, 2011. Hence, all TPs must have complied with the ₱30 million UPC requirements by the year 2012.

In 2025, the Company has unimpaired capital of ₱39,436,951. (In 2024, the Company had unimpaired capital of ₱38,010,763).

Deposits for future subscription

On October 13, 2023, the BOD and the stockholders approved the increase of authorized capital of the Company from ₱50 million divided into 5,000,000 shares at ₱10 par value to ₱100 million divided into 10,000,000 shares at ₱10 par value.

Of the ₱50 million increase, ₱9 million were already paid by the subscribers and recorded as Deposit for Future Subscription (DFFS) in the Company's financial statements.

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The application for increase in authorized capital was submitted to SEC on October 31, 2023 and was assigned to Securities Financial Specialist on November 3, 2023. Further on January 25, 2024, the Markets and Securities Regulated Department issued a Memorandum stating that the Department does not interpose any objection to the application. The Company recognized the DFFS as part of equity as following elements are present at the end of the reporting period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the Company);
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been presented for filing or has been filed with Commission.

As the increase in authorized capital shares was approved by the SEC in 2024, the deposit for future subscription was converted as part of the paid-up capital of the Company.

In a special meeting held at its principal office on October 13, 2023, the Board of Directors and of stockholders representing at least 2/3 of the outstanding capital stock approved that the Company increase its authorized capital stock from Fifty Million Pesos (₱50,000,000) to One Hundred Million Pesos (₱100,000,000) and that out of the Fifty Million Pesos increase, Twelve Million Five Hundred Thousand Pesos (₱12,500,000) will be subscribed, and of said subscription, the amount of Nine Million Pesos (₱9,000,000) will be paid in cash. This is part of the Company's capital build-up plan in order to comply with the SEC requirements for unimpaired capital.

On December 9, 2024, the SEC approved the increase of the Company's authorized capital shares amounting to ₱100,000,000.

Additional paid-in capital

The Company's additional paid-in capital from the issued shares amounted to ₱11,505,750 as of both December 31, 2025 and 2024.

Reserves

Analysis of reserves in the statements of changes in equity is presented as follows:

	Property Revaluation Reserve
As of January 1, 2025	6,843,446
Other comprehensive income for the year – net of tax	
Realization of revaluation increment – net of tax	(256,172)
As of December 31, 2025	6,587,274
<hr/>	
	Property Revaluation Reserve
As of January 1, 2024	7,099,618
Other comprehensive income for the year – net of tax	
Realization of revaluation increment – net of tax	(256,172)
As of December 31, 2024	6,843,446

The property revaluation reserve is not available for distribution to the Company's shareholders.

Accumulated Losses

The movements in the Company's accumulated losses are as follow:

	2025	2024
Balance at the beginning of the year	(32,494,987)	(30,442,421)
Realization of revaluation increment – net of tax	256,172	256,172
Total comprehensive loss during the year	(929,980)	(2,308,738)
Balance at the end of the year	(33,168,795)	(32,494,987)

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Accumulated losses is broken down as follows:

	2025	2024
Appropriated	2,700,388	2,700,388
Unappropriated	(35,869,183)	(35,195,375)
	(33,168,795)	(32,494,987)

SRC Rule 49.1 Reserve Fund under SEC Memo 16 - 2004 states that 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 account in accordance with the following schedule:

Unimpaired Paid Up Capital	Minimum percentage or profit after tax to be placed in the Appropriated Retained Earnings
Between 10 million to 30 million	30%
Between 30 million to 50 million	20%
More than 50 million	10%

The rule further states that:

- The amount appropriated shall not be available for payment of dividends.
- Where in any financial year the Broker Dealer's paid up capital is impaired, the Broker Dealer is required to transfer from the Appropriated Retained Earnings to the capital account an amount equivalent to the impairment. Such amount so transferred out shall not be available for payment of dividend.
- Consistent with the general usage under SRC Rule 28.1 (E) (v), the term "Unimpaired Paid Up Capital" shall refer to the firm's Total Paid Up Capital less any deficiency in the Retained Earnings account.
- A Broker Dealer may submit to the Commission for approval its own capital build-up plan in lieu of the requirements of this provision.
- Notwithstanding the requirements of this section, the Commission may prescribe a different capital build-up plan for all Broker Dealers, specifically those incurring net losses during the period, which may include the programmed infusion of fresh capital.

In 2025 and 2024, the Company's operation resulted to a total comprehensive loss of ₱929,980 and ₱2,308,738 respectively, hence no appropriation was made.

Note 23 – Financial risk management objectives and policies

The Company is exposed to a variety of financial risks which results from both operating and investing activities. The Company's risks management is handled by the CEO with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

a. Market risk analysisInterest rate sensitivity

Interest rate risk refers to the possibility that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest.

The Company's policy is to minimize interest rate cash flow risk exposures by usually availing of fixed interest rate loans. At December 31, 2025 and 2024, the Company is exposed to changes in market interest rates through its bank borrowings.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/-5% (2024: +/-5%), with all other variables held constant, on the Company's income before tax as of and for the years ended December 31, 2025 and 2024.

	Loss for the year	
	+ 5%	- 5%
31 December 2025	(36,952)	36,952
31 December 2024	(163,873)	163,873

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The Company's income is not dependent on the interest income invested in financial instruments.

Equity price risk

The Company is exposed to equity price risk in relation to its securities held for trading.

The Company's trading strategies with respect to its security positions are periodically reviewed by the Company's senior management together with BOD. Senior management is responsible for reviewing trade positions, exposures, profit and losses and trading strategies. Said positions are marked-to-market every month (or more often in a volatile market environment) in order that the mandate of the senior management as to the points at which to liquidate the securities could be carried out.

The following table demonstrates the sensitivity to a reasonably possible change in share price, with all other variables held constant:

	Change in equity price	Effect on equity (in thousands)
<u>Financial assets through profit or loss</u>		
2025	±25%	±69,090
2024	±38%	±1,385

b. Credit risk analysis

Credit risk refers to the risk that the borrower or issuer or counterparty may fail to perform its obligation to pay in a timely manner, or that its ability to perform such obligation may get impaired before delivery date. Credit risk is not limited to lending activities only but arises whenever funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether on or off books.

In order to mitigate credit risk, it is the policy of the Company that it deals only with: (a) reputable and creditworthy obligors and counterparties; (b) establishes prudent credit limits for each obligor and counterparty; (c) monitors usage of credit limits to ensure that those limits are complied with. The Company has significant concentration of credit risk relating to the loans and receivables from individuals and institutional counterparties arising from the normal business of the Company.

In the Company's normal course of business, the activities include trade execution for its clients which may expose the Company to risk arising from price volatility which can reduce the clients' ability to meet their obligations. The Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the client's obligations to the extent clients are unable to meet their commitments to the Company.

In accordance with industry practice, client trades are settled generally three (3) business days after trade date. Should either the client or the counterparty fail to settle its obligation on the settlement date, the Company may be required to complete the transaction at prevailing market prices.

The Company monitors concentration of credit risk on both individual and institutional counterparties by considering its credit worthiness, financial strength, and the size of its positions or commitments. Where considered necessary, the Company requires a deposit of additional collateral or a reduction of securities position from the counterparty.

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

	2025	2024
Cash in banks*	7,026,964	3,564,179
Receivables	6,033,434	10,367,866
	13,060,398	13,932,045

*Excluding cash on hand

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

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The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments, net of the value of collaterals, if any. Below is the summary of aging of the Company's due from customers and non-customers:

	2025	2024
Not more than 1 day	72,063	647,422
More than 1 day but not more than 12 days	183,640	2,103,576
More than 12 days but not more than 30 days	671	4,111,114
More than 30 days but not more than 1 year	1,667,921	2,877,454
More than 1 year	4,537,275	733,895
	6,461,570	10,473,461

Allowance for expected credit losses as of December 31, 2025 amounted to ₱506,588 (2024 – ₱1,002,215). Management believes that the quality of its unimpaired receivables is high.

The allowance for expected credit loss for the Company's due from customers and non-customers are as follows:

	2025	2024
Due from customers (note 6)	506,588	1,002,215
Due from non-customers	-	-
	506,588	1,002,215

Section 3. SRC Rule 52 is hereby amended wherein the aging schedule shall indicate the monetary and securities collateral values of the customers' receivables as of end of the month, broken down as follows:

As at December 31, 2025

	T to T+1	T+2 to T+12	T+13 to T+30	Beyond T+31	2025
Expected credit loss rate	0%	2%	50%	100%	
Basis for expected credit loss*	72,063	183,639	132	502,849	758,683
Lifetime expected credit loss	-	3,673	66	502,849	506,588

*The basis for expected credit loss for T to T+12 is based on total due from customers and non-customers; while T+13 to beyond 30 days are the unsecured accounts (net of collateral).

As at December 31, 2024

	T to T+1	T+2 to T+12	T+13 to T+30	Beyond T+31	2024
Expected credit loss rate	0%	2%	50%	100%	
Basis for expected credit loss*	6,474,212	2,103,576	50,730	934,779	9,563,297
Lifetime expected credit loss	-	42,071	25,365	934,779	1,002,215

*The basis for expected credit loss for T to T+12 is based on total due from customers and non-customers; while T+13 to beyond 30 days are the unsecured accounts (net of collateral).

c. Liquidity risk analysis

Liquidity risk is the risk of being unable to meet payment obligations as they become due without incurring unacceptable losses due to disruption in funding sources and/or inability to liquidate assets quickly due to changes in market conditions, and/or unplanned utilization of cash resources.

Management of liquidity is the responsibility of the top management of the Company. Given the nature of the Company's business, mitigation of liquidity risk involves in the first instance forecasting liquidity requirements and ensuring sufficient balance of cash on hand and in banks maintained to meet immediate needs.

The maturity dates of financial assets and liabilities are matched. The liability to customers, brokers and/or clearing house are matched by a corresponding receivable from customers/clearing house. Liquidity risk would arise if all loans and receivables are not settled in the usual T+2 settlement period.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

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The Company's current ratios are 1.29 and 1.27 in 2025 and 2024, respectively.

As of December 31, 2025, the Company's financial liabilities have contractual maturities which are presented below:

	Current			Non – Current
	Within 6 months	6 to 12 months	2 to 5 years	Later 5 years
Borrowings	904,960	2,932,443	4,655,166	-
Payables*	11,781,537	2,951,409	-	-
	12,686,497	5,883,852	4,655,166	-

*The amount of payables is net of government payables which are not considered as financial liabilities

As of December 31, 2024, the Company's financial liabilities have contractual maturities which are presented below:

	Current			Non – Current
	Within 6 months	6 to 12 months	2 to 5 years	Later 5 years
Borrowings	2,729,318	2,762,360	6,484,326	-
Payables*	11,120,336	1,862,864	-	-
	13,849,654	4,625,224	6,484,326	-

*The amount of payables is net of government payables which are not considered as financial liabilities

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting dates.

The Company did not have any significant concentration of liquidity risk.

Note 24 – Capital management objectives, policies and procedures

The primary objective of the Company's capital management is to ensure compliance with the externally imposed capital requirements and maintain sufficient cash in banks to meet its daily settlement requirements.

The adequacy of the Company's capital is monitored using among other measures the rules and ratios established by the SEC for stockbrokers and dealers. The Company's compliance with regulatory capital requirement is monitored through the RBCA report which mandates the minimum capital level after considering the risk requirements associated with its business operations.

Regulatory Qualifying Capital

The Amended Implementing Rules and Regulations of the SRC effective February 28, 2004 include, among others, revisions in the terms and conditions for the registration and subsequent renewal of license applicable to both exchange trading participants and non – exchange broker dealer as follows: (a) to allow a net capital of ₱2.5 million or 2.5% of aggregate indebtedness, whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities, (b) to allow the SEC to set a different net capital requirement for those authorized to use the RBCA model, and (c) to require unimpaired paid – up capital of ₱100 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 million plus a 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.

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

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RBCA ratio of a broker dealer, computed by dividing the Net Liquid Capital (NLC) by the Total Risk Capital Requirement (TRCR), should not be less than 110%. NLC and TRCR are computed based on the existing SRC. NLC consists of total equity less allowance for credit losses, subordinated liabilities, deferred tax assets, revaluation reserves, deposits for future subscription, minority interest, if any, contingencies and guarantees, and the total ineligible assets. Also, the Aggregate Indebtedness (AI) of every stockholder should not exceed two thousand percent (2,000%) of its NLC and at all times shall have and maintain NLC of at least ₱5 million or five percent of the AI, whichever is higher. If the minimum RBCA ratio of 110% or the minimum NLC is breached, such broker dealer shall immediately cease doing business as broker dealer.

Limitations on Withdrawal of Core Equity

No equity capital of a broker dealer may be withdrawn by action of a shareholder or a partner or by redemption or repurchase of shares of stock or through the payment of dividends or any similar distribution, nor may any unsecured advance or loan be made to a shareholder, partner, sole proprietor, employee or affiliate, if after giving effect thereto and to any other such withdrawals, advances or loans and any payments under satisfactory subordination agreements in conformity with SRC Rule 49.1 which are scheduled to occur within 180 days following such withdrawal, advance or loan:

- a. The broker dealer's NLC would be less than 120% or the minimum amount which is at least ₱5 million or 5% of its AI whichever is higher; or
- b. The AI of the broker dealer exceeds one thousand five hundred percent (1500%) if its net capital.

Any transaction between a broker dealer and a shareholder, partner, sole proprietor, employee or affiliate that results in a diminution of the broker dealer's net capital shall be deemed to be an advance or loan of net capital

The RBCA of the Company as reported to SEC as of December 31, 2025 and 2024 are shown in the table below:

	2025	2024
Equity eligible for NLC	36,931,507	35,557,700
Less: Ineligible Assets	29,038,215	30,113,399
Net Liquid Capital (NLC)	7,893,292	5,444,301
Operational risk	1,035,696	1,036,080
Position risk	2,837,866	2,285,710
Counterparty risk	166	132,020
Large Exposure Risk (LERR) 3 to a single issuer and group of companies	-	-
Total Risk Capital Requirement (TRCR)	3,873,728	3,453,810
Aggregate Indebtedness (AI)	11,593,576	13,272,589
	2025	2024
5% of AI	579,679	663,629
Required NLC	5,000,000	5,000,000
Net Risk-based Capital Excess	2,893,292	444,301
Ratio of AI to NLC	147%	244%
RBCA ratio	204%	158%

As of December 31, 2025 and 2024, the Company is in compliance with the required RBCA ratio.

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

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

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

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

Counterparty Risk Requirement. This amount is necessary to accommodate a given level of counterparty risk. Counterparty risk is the risk of a counterparty defaulting on its financial obligation to a broker dealer.

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

The Company's capital management objectives are:

- To ensure the Company's ability to continue as going concern; and
- To provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the financial position.

Capital for the periods under review is summarized as follows:

	2025	2024
Total liabilities	25,255,294	26,998,350
Total equity	46,024,229	44,854,209
Debt to equity ratio	0:55:1	0:60:1

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

Also, the Company's cash reserve requirement as of December 31, 2025 based on SEC's prescribed computation amounted to ₱5,816,766 (2024 – ₱1,741,634). As of report date, the Company is compliant with its balance of Special Reserve Bank Accounts amounting to ₱6,564,882 (2024 – ₱3,112,924).

Note 25 – Fair value information*Assets and liabilities measured at fair value*

The following table gives information about how the fair values of the Company's assets and liabilities, which are measured at fair value at the end of each reporting period, are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at December 31		Fair value hierarchy	Valuation techniques	Significant unobservable input	Relationship of unobservable inputs to fair value
	2025	2024				
Investment properties	17,340,000	17,340,000	Level 2	Market comparable approach (See b)	Prices per square meter, Premium (discount) on the quality of property	The estimated fair value increases the higher are premiums for higher quality properties
Financial assets through profit or loss	8,108,188	6,530,600	Level 1	Quoted last traded prices in an active market (See a)	Not applicable	Not applicable
Office unit, under property and equipment	19,979,239	20,781,535	Level 2	Market comparable approach (See c)	Prices per square meter, Premium (discount) on the quality of property	The estimated fair value increases the higher are premiums for higher quality properties

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- a) The fair value of the Company's financial assets through profit or loss was measured based on the last traded price provided by the Philippine Stock Exchange as of reporting date.
- b) The fair values of the investment properties were determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.
- c) The fair value of the office unit under property and equipment were determined based on Level 2 using appraisal methods performed by SEC accredited appraisers. The fair values were determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of each fair value level are discussed below:

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

There were no transfers to other levels during the period.

Financial assets and liabilities

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

	2025		2024	
	Carrying values	Fair values	Carrying values	Fair values
Financial Assets				
Cash on hand and in banks	7,030,964	7,030,964	3,568,179	3,568,179
Receivables	6,033,434	6,033,434	10,367,866	10,367,866
Financial assets at fair value through profit or loss	8,108,188	8,108,188	6,530,600	6,530,600
	21,172,586	21,172,586	20,466,645	20,466,645
Financial Liabilities				
Borrowings	8,492,569	8,492,569	11,976,004	11,976,004
Payables*	14,732,946	14,732,946	12,983,200	12,983,200
	23,225,515	23,225,515	24,959,204	24,959,204

*The amount of payables is net of government payables which are not considered as financial liabilities.

The fair value of loans receivable and loans payable is determined based on the discounted cash flow analysis using interest rates for similar type of instruments.

Due to the short-term maturities of cash on hand and in banks, trade and other receivables, borrowings - current, and payables, their carrying amounts approximate their fair values.

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Note 26 – Notes to cash flows statements

a. Property and equipment

Acquisitions of property and equipment during the year amounted to nil (2025 – ₱8,096).

b. Reconciliation of liabilities arising from financing activities

The tables below detail changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes in 2025 and 2024. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statements of cash flows as cash flows from financing activities. This mainly includes the Company's bank borrowings.

2025	January 1, 2025	Financing cash flows (i)	Non-cash changes	December 31, 2025
Borrowings (Note 15)	11,976,004	(3,483,435)	-	8,492,569

2024	January 1, 2024	Financing cash flows (i)	Non-cash changes	December 31, 2024
Borrowings (Note 15)	14,562,087	(2,586,083)	-	11,976,004

c. Cash on hand and in banks

	2025	2024
Petty cash fund	4,000	4,000
Cash in banks	7,026,964	3,564,179
	7,030,964	3,568,179

Cash accounts with the banks generally earn interest at rates based on daily bank deposit rates. Interest income for the year amounted to ₱1,020 (2024 – ₱11,668).

Note 27 – Supplementary information required by the Bureau of Internal Revenue under Revenue Regulation Nos. 15 – 2010 and 34 – 2020

The following supplementary information are presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Revenue Regulation 15 - 2010**I. Output VAT declared in the Company's VAT returns**

	Net Sales	Output VAT
Vatable sales	3,812,939	457,553

II. Input VAT

Balance at January 1	1,561,100
Deferred input VAT, beginning	-
Current year's domestic purchases/payments	201,743
Total available input tax	1,762,843
Deferred input VAT, ending	-
Output tax	(457,553)
VAT paid	-
Balance at December 31	1,305,290

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III. Information on the Company's importations

The Company does not engage in transactions involving importations of goods.

IV. Other taxes and licenses

License and permit fees:	
Documentary stamp tax	173,825
SEC license renewal	38,773
Real property tax	34,829
Business permit renewal	20,066
Documentary stamp tax	4,254
Others	3,231
	<u>274,978</u>

V. Withholding taxes

Expanded withholding taxes	25,699
Withholding taxes on compensation	64,194
	<u>89,893</u>

Revenue Regulation 34-2020

Revenue Regulation 34-2020 prescribes guidelines and procedures for the submission of BIR 1709, Transfer Pricing Documentation (TPD) and other supporting documents, amending for this purpose the pertinent provisions of Revenue Regulations (RR) Nos. 19-2020 and 21-2002 as amended by RR No. 15-2010.

In compliance with RR 34-2020, the Corporation is not covered under Section 2 of the said RR and is therefore not covered by the requirements and procedures for related party transactions as stated thereof.


SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

The Shareholders and Board of Directors
MDR SECURITIES, INC.
Unit 1608 Philippine Stock Exchange Tower
5th Ave. cor. 28th St., Bonifacio Global City
Taguig City

We have examined the financial statements of **MDR SECURITIES, INC.** for the year ended December 31, 2025, on which we have rendered the attached report dated April 1, 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.

RAMON F. GARCIA & COMPANY, CPAs
By:


JOSEFINO F. GARCIA
Partner

CPA Certificate No. 0049932

PTR No. 10801794, February 1, 2026, Makati City

TIN 105-540-561

BOA/PRC Accreditation No. 0207 (October 6, 2025 to October 5, 2028)

Partner's BIR Accreditation No. 08-001759-002-2026 (March 31, 2026 to March 30, 2029)

Partner's SEC Accreditation No. 49932-SEC-Category A, valid for audit of 2021 to 2025 financial statements

Firm's BIR Accreditation No. 08-001759-000-2026 (Valid until March 30, 2029)

Firm's SEC Accreditation No. 0207- SEC Group A, Valid for audit of 2021 to 2025 financial statements

April 1, 2026

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

To the Shareholders and Board of Directors
MDR SECURITIES, INC.
Unit 1608 Philippine Stock Exchange Tower
5th Ave. cor. 28th St., Bonifacio Global City
Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **MDR SECURITIES, INC.** as at and for the year ended December 31, 2025 and issued our report thereon dated April 1, 2026. Our audit were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplementary schedule presented as Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. The schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

RAMON F. GARCIA & COMPANY, CPAs

By:


JOSEFINO F. GARCIA

Partner

CPA Certificate No. 0049932

PTR No. 10801794, February 1, 2026, Makati City

TIN 105-540-561

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Partner's BIR Accreditation No. 08-001759-002-2026 (March 31, 2026 to March 30, 2029)

Partner's SEC Accreditation No. 49932-SEC-Category A, valid for audit of 2021 to 2025 financial statements

Firm's BIR Accreditation No. 08-001759-000-2026 (Valid until March 30, 2029)

Firm's SEC Accreditation No. 0207- SEC Group A, Valid for audit of 2021 to 2025 financial statements

April 1, 2026

MDR SECURITIES, INC.
INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2025

SUPPLEMENTARY SCHEDULES

Schedule I	Statement of Changes in Liabilities Subordinated to Claims of General Creditor
Schedule II	Risk-Based Capital Adequacy Worksheet Pursuant to Securities and Exchange Commission Memorandum Circular No. 16, Series of 2004 and SRC Rule 49.1
Schedule III	Information Relating to the Possession or Control Requirements under Securities Regulation Code Rule 49.2
Schedule IV	Computation for Determination of Reserve Requirements under SRC Rule 49.2
Schedule V	A Report Describing any Material Inadequacies Found to Exist or Found to Have Existed Since the Date of Previous Audit
Schedule VI	Result of Monthly Securities Count Conducted Pursuant to SRC 52.1-10, as amended

Schedule I

**MDR SECURITIES, INC.
STATEMENTS OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
DECEMBER 31, 2025**

	2025	2024
Balance, January 1	-	-
Additions	-	-
Disposals	-	-
Balance, December 31	-	-

MDR SECURITIES, INC.
RISK-BASED CAPITAL ADEQUACY WORKSHEET
December 31, 2025

Assets	71,279,522
Liabilities	25,255,297
Equity as per books	46,024,225
Adjustments to Equity per books	
Add (Deduct):	
Allowance for market decline	
Subordinated Liabilities	
Unrealized Gain / (Loss) in proprietary accounts	
Deferred Income Tax	(9,092,718)
Deposit for Future Stock Subscription (No application with SEC)	
Minority Interest	
Total Adjustments to Equity per books	(9,092,718)
Equity Eligible For Net Liquid Capital	36,931,507
Contingencies and Guarantees	
Deduct: Contingent Liability	
Guarantees or indemnities	
Ineligible Assets	
a. Trading Right and all Other Intangible Assets (net)	792,000
b. Intercompany Receivables	
c. Fixed Assets, net of accumulated and excluding those used as collateral	25,343,235
d. Prepayment from Client for Early Settlement of Account	
e. All Other Current Assets	1,895,441
f. Securities Not Readily Marketable	
g. Negative Exposure (SCCP)	
h. Notes Receivable (non-trade related)	
i. Interest and Dividends Receivables outstanding for more than 30 days	
j. Ineligible Insurance claims	
k. Ineligible Deposits	
l. Short Security Differences	
m. Long Security Differences not resolved prior to sale	
n. Other Assets including Equity Investment in PSE	1,007,538
Total ineligible assets	29,038,215
Net Liquid Capital (NLC)	7,893,292
Less:	
Operational Risk Req't (Schedule ORR-1)	1,035,696
Position Risk Req't (Schedule PRR-1)	2,837,866
Counterparty Risk (Schedule CRR-1 and detailed schedules)	166
Large Exposure Risk (Schedule LERR-1, LERR-2, LERR-3)	
LERR to a single client (LERR-1)	
LERR to a single debt (LERR-2)	
LERR to a single issuer and group of companies (LERR-3)	
Total Risk Capital Requirement (TRCR)	3,873,728
Net RBCA Margin (NLC-TRCR)	4,019,565
Liabilities	25,255,297
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	11,976,004
Others	1,685,717
Total adjustments to AI	(13,661,721)
Aggregate Indebtedness	11,593,576
5% of Aggregate Indebtedness	579,679
Required Net Liquid Capital (> of 5% of AI or P5M)	5,000,000
Net Risk-based Capital Excess / (Deficiency)	2,893,292
Ratio of AI to Net Liquid Capital	147%
RBCA Ratio (NLC / TRCR)	204%

May 12, 2026

Schedule III

**MDR SECURITIES, INC.
INFORMATION RELATING TO THE POSSESSION OR
CONTROL REQUIREMENTS UNDER SRC RULE 49.2-1
DECEMBER 31, 2025**

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	NIL
Number of Items	NIL

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

Market Valuation	NIL
Number of Items	NIL

MDR SECURITIES, INC.
RESERVE FORMULA WORKSHEET
December 31, 2025

SCHEDULE IV

1 . Free Credit balances and Other Credit Balances in Customer Securities Accounts	
Unadjusted trial balance amount	14,218,132.13
A . Additions:	
1. Bank Account Overdrafts/1	
2. Credit balances in customer omnibus accounts	
3. Any other customer credit balance not accounted for elsewhere (explain nature)	
Dividends Payable	
Others	
Subtotal	-
B . Deductions:	
1. Credit Balances in the accounts of non customers such as general partners and principal officers	2,862,676.95
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	2,862,676.95
Adjusted total line item #1	11,355,455.18
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 . Monies 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 os such securities	
Adjusted total line item #3	-
4 . Customer Securities Failed to Receive (as Determined by Allocation or Specific Identification)	
Unadjusted Balance:	
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	-

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	11,355,455.18
10 . Debit Balances in customers' cash and margin accounts excluding Unsecured Accounts and Accounts Doubtful of Collection	
Unadjusted trial balance	6,461,569.56
A . Additions:	
1. Debit balance in customer omnibus accounts	
2. Any other customer debit balance not accounted for elsewhere (explain nature) Others	
Subtotal	-
B . Deductions:	
1. Unsecured balances and accounts doubtful of collection	506,587.92
2. Debit balances in the accounts of non-customers such as general partners and principal officers	72,686.00
3. Reduction of margin debits 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 if 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	366,904.24
Subtotal	946,178.16
Subtotal of Adjusted Total Debits	5,515,391.40
Reduce Subtotal by 1%	1%
Adjusted total line item #10	5,460,237.48
11 . Prepayment from Client for Early Settlement of Account	
12 . Securities Borrowed to Effectuate Short Sales by Customers and Securities Borrowed to make delivery on Customers' Securities Failed to Deliver	
13 . Fails to Deliver oc 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)	78,452.00
2. Drafts receivable outstanding less than 30 calendar days related to customer transaction / 13	
Subtotal	78,452.00
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 line item # 13	78,452.00
Aggregate Debit items	5,538,689.48
B . Determination of Requirements	
Aggregate Credit Items	11,355,455.18
Aggregate Debit Items	5,538,689.48
Net Credit/(Debit)	5,816,765.70
Required Reserve (100% of Net Credit if making a weekly computation or 105% if monthly)	5,816,765.70

C . Frequency of Computation

Weekly

Monthly

Monthly, if:

- Aggregate Indebtedness: Net Capital Ratio < 800% 147%
AND
 Aggregate Customer Funds < P25 million 11,355,455.18

D . Special Reserve Bank Account Balance

Special Reserve Account balance Prior to Computation	6,564,881.85
Less: Deposit Required	5,816,765.70
Additional Deposit Required	-
Note: Deposit should be made no later than 10 a.m. on the second banking day following computation date.	

Schedule V

**MDR SECURITIES, INC.
A REPORT DESCRIBING ANY MATERIAL INADEQUACIES
FOUND TO EXIST OR FOUND TO HAVE EXISTED
SINCE THE DATE OF PREVIOUS AUDIT
DECEMBER 31, 2025**

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

SCHEDULE VI

MDR SECURITIES, INC.
INVENTORY REPORT BY LOCATION - SUMMARIZED
 As of December 31, 2025
 Customer : JOY TAN (168) - SUSPENSE (SUSPENSE)

CODE	STOCK NAME	VAULT	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARE	MARKET VALUE	TOTAL MARKET VALUE
2GO	2GO GROUP INC.	0	0	0	166	166	13.50	2,241.00
AAA	ASIA AMALGAMATED HOLDINGS	0	0	0	12,500	12,500	1.61	20,125.00
AB	ATOK-BIG WEDGE CO., INC.	0	0	0	13,800	13,800	2.06	28,428.00
ABA	ABACORE CAPITAL HOLDINGS, INC.	0	0	0	532,010	532,010	0.26	138,322.60
ABG	ASIABEST GROUP INT., INC.	0	0	0	200	200	18.78	3,756.00
ABS	ABS-CBN	20	0	0	92,525	92,525	4.21	389,614.45
ABSP	ABS-CBN HOLDINGS CORP. (PDR)	0	0	0	58,500	58,500	3.41	199,485.00
AC	AYALA CORPORATION	60	0	0	15,283	15,343	468.00	7,180,524.00
ACEN	ACEN CORPORATION	3,299	0	0	3,495,704	3,499,003	2.72	9,517,288.16
ACENA	ACEN SERIES A PREFERRED	0	0	0	6,000	6,000	1,010.00	6,060,000.00
ACENB	ACEN SERIES B PREFERRED	0	0	0	5,000	5,000	1,070.00	5,350,000.00
ACPAR	AYALA CORPORATION PREFERRED "A"	0	0	0	800	800	2,540.00	2,032,000.00
ACPB3	AYALA CORP. PREF. B SERIES 3	0	0	0	2,700	2,700	1,988.00	5,367,600.00
ACPB4	AYALA CORP. PREF. B SERIES 4	0	0	0	1,000	1,000	1,989.00	1,989,000.00
ACR	ALSONS CONSOLIDATED RES. INC.	0	0	0	355,000	355,000	0.47	166,850.00
AEV	ABOITIZ EQUITY VENTURES, INC.	600	0	0	92,580	93,180	28.00	2,609,040.00
AGI	ALLIANCE GLOBAL, INC.	0	0	0	1,640,700	1,640,700	8.19	13,437,333.00
ALCO	ARTHALAND CORPORATION	0	0	0	501,350	501,350	0.42	210,567.00
ALCPF	ARTHALAND CORP. PREFERRED SERIES F	0	0	0	6,000	6,000	500.00	3,000,000.00
ALI	AYALA LAND INC.	1,180	0	0	512,999	514,179	22.45	11,543,318.55
ALLDY	ALLDAY MARTS, INC.	0	0	0	2,071,000	2,071,000	0.03	64,201.00
ALLHC	AYALAND LOGISTICS HOLDINGS CORP.	0	0	0	538,000	538,000	1.30	699,400.00
ALTER	ALTERNERGY HOLDINGS CORPORATION	0	0	0	253,000	253,000	0.84	212,520.00
AMC	ALASKA MILK CORPORATION	1,000	0	0	1,000	1,000	17.20	17,200.00
ANI	AGRINURTURE, INC.	0	0	0	118,000	118,000	0.54	63,720.00
ANS	A. SORIANO CORPORATION "A"	2,825	0	0	22,313	25,138	14.40	361,987.20
AP	ABOITIZ POWER CORPORATION	0	0	0	259,520	259,520	44.00	11,418,880.00
APC	APC GROUP, INC.	40,000	0	0	7,341,000	7,341,000	0.11	778,146.00
APCS	ASIAN PETROLEUM CORP. SUBSN	0	0	0	40,000	40,000	0.10	4,000.00
APL	APOLLO GLOBAL CAPITAL, INC.	0	0	0	90,806,700	90,806,700	0.01	454,033.50
APO	ANGLO-PHIL OIL	180	0	0	6,284,210	6,284,390	0.70	4,399,073.00
APVI	ALTUS PROPERTY VENTURES INC.	0	0	0	65	65	8.40	546.00
APX	APEX MINING CO., INC. "A"	0	0	0	8,058,916	8,058,916	12.44	100,252,915.04
AR	ABRA MINING	150	0	0	76,000,000	76,000,000	0.00	349,600.00
ARA	ARANETA PROPERTY, INC.	0	0	0	4,627	4,777	0.40	1,910.80
AREIT	AREIT, INC.	0	0	11,200	132,500	143,700	43.50	6,250,950.00
ASLAG	RASLAG CORP.	0	0	0	100,000	100,000	0.82	82,000.00
AT	ATLAS CONS. MINING & DEV.	85	0	1,109	5,384,843	5,386,037	6.03	32,477,803.11
ATI	ASIAN TERMINALS, INC.	0	0	0	43,033	43,033	34.50	1,484,638.50
ATN	ATN HOLDINGS, INC.	0	0	0	10,000	10,000	0.50	4,950.00
AUB	ASIA UNITED BANK CORP	0	0	0	233,250	233,250	39.20	9,143,400.00
AXLM	AXELUM RESOURCES CORP.	0	0	0	410,000	410,000	2.36	967,600.00
BALAI	BALAI NI FRUITAS, INC.	0	0	0	576,000	576,000	0.35	201,600.00

SCHEDULE VI

MDR SECURITIES, INC.
INVENTORY REPORT BY LOCATION - SUMMARIZED
 As of December 31, 2025
 Customer : JOY TAN (168) - SUSPENSE (SUSPENSE)

CODE	STOCK NAME	VAULT	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARE	MARKET VALUE	TOTAL MARKET VALUE
BC	BENQUET CORPORATION "A"	900	0	0	403,897	404,797	5.00	2,023,985.00
BCB	BENQUET CORP "B"	0	0	0	28,571	28,571	4.83	137,997.93
BDO	BANCO DE ORO UNIVERSAL BANK	0	0	0	208,478	208,478	134.60	28,061,138.80
BEL	BELLE RESOURCES CORP "A"	0	0	0	250,628	250,628	1.32	330,828.96
BF	BANCO FILIPINO SAVINGS & MORT.	0	0	0	1,000	1,000	0.00	0.00
BHI	BHI HOLDINGS, INC.	0	0	0	850,000	850,000	0.04	33,150.00
BKR	BRIGHT KINDLE RESOURCES & INV. INC.	0	0	0	98,000	98,000	0.65	63,700.00
BLOOM	BLOOMBERRY RESORTS CORP.	0	0	0	435,400	435,400	2.54	1,105,916.00
BNCOM	BANK OF COMMERCE	0	0	0	47,100	47,100	9.20	433,320.00
BPI	BANK OF THE PHIL. ISLANDS	5,562	0	0	31,357	36,919	116.10	4,286,295.90
BRN	A. BROWN COMPANY, INC.	4	0	0	12,927	12,931	0.93	12,025.83
BRNP	A. BROWN COM. INC. SERIES A PREFE	0	0	0	16,000	16,000	97.00	1,552,000.00
BSC	BASIC ENERGY CORPORATION	924	0	0	12,822,829	12,823,753	0.12	1,500,379.10
C	CHELSEA LOGS. & INFRAS. HOLD. CORP.	0	0	0	613,300	613,300	0.95	582,635.00
CA	CONCRETE AGGREGATES CORP.	0	0	0	1,000	1,000	48.35	48,350.00
CBC	CHINA BANKING CORPORATION	0	0	0	124,310	124,310	57.00	7,085,670.00
CEB	CEBU AIR, INC.	0	0	0	61,000	61,000	32.00	1,952,000.00
CEBCP	CEBU AIR, INC. PREFE	0	0	0	219	219	35.00	7,665.00
CEI	CROWN EQUITIES, INC.	0	0	0	61,600	61,600	0.07	4,435.20
CEU	CENTRO ESCOLAR UNIVERSITY	0	0	0	19,461	19,461	15.70	305,537.70
CHP	CONCREAT HOLDINGS PHILS., INC.	0	0	0	127,180	127,180	1.09	138,626.20
CLI	CEBU LANDMASTERS	0	0	0	225,000	225,000	2.35	528,750.00
CNPF	CENTURY PACIFIC FOOD, INC.	0	0	0	43,500	43,500	39.00	1,696,500.00
CNVRG	CONVERGE INFO & COMM TECH SOL, INC.	0	0	0	302,600	302,600	15.32	4,635,832.00
COAL	COAL ASIA HOLDING INCORPORATED	0	0	0	600,000	600,000	0.03	16,800.00
COL	CITISEC ONLINE	0	0	0	15,000	15,000	1.42	21,300.00
COSCO	COSCO CAPITAL, INC.	60,000	0	0	402,800	462,800	6.99	3,234,972.00
CPG	CENTURY PROPERTIES GROUP INC.	0	0	0	192,062	192,062	0.69	132,522.78
CPGPB	CENTURY PROP. GROUP, INC. SERIES B	0	0	0	20,000	20,000	102.00	2,040,000.00
CPM	CENTURY PEAK HOLDINGS CORPORATION	0	0	0	100,000	100,000	2.39	239,000.00
CREC	CITICORE RENEWABLE ENERGY CORP.	0	0	0	120,000	120,000	4.28	513,600.00
CREIT	CITICORE ENERGY REIT CORP.	0	0	0	1,375,000	1,375,000	3.57	4,908,750.00
CSB	CITYSTATE SAVINGS BANK, INC.	0	0	0	9,800	9,800	17.06	167,188.00
CTS	CTS GLOBAL EQUITY GROUP, INC.	0	0	0	20,000	20,000	0.36	7,200.00
CYBR	CYBER BAY CORPORATION	0	0	1,100	13,973,430	13,974,530	0.33	4,611,594.90
DD	DOUBLE DRAGON CORPORATION	0	0	0	89,400	89,400	9.28	829,632.00
DDMPR	DDMP REIT, INC.	0	0	0	848,000	848,000	1.02	864,960.00
DELM	DEL MONTE PACIFIC LIMITED	0	0	0	2,500	2,500	4.70	11,750.00
DFN	DIVERSIFIED FIN. NETWORK, INC.	0	0	0	324,200	324,200	0.80	259,360.00
DGTL	DIGITAL TELECOMMUNICATIONS	0	0	0	15,000	15,000	1.45	21,750.00
DHI	DOMINION HOLDINGS, INC.	0	0	0	117,900	117,900	1.39	163,881.00
DITO	DITO CME HOLDINGS CORP.	0	0	0	4,311,200	4,311,200	0.68	2,931,616.00
DIZ	DIZON COPPER SILVER MINES, INC	0	0	0	36,764	36,764	5.00	183,820.00
DMC	DMCI HOLDINGS, INC.	0	0	0	507,500	507,500	10.54	5,349,050.00

SCHEDULE VI

MDR SECURITIES, INC.
INVENTORY REPORT BY LOCATION - SUMMARIZED
 As of December 31, 2025
 Customer : JOY TAN (168) - SUSPENSE (SUSPENSE)

CODE	STOCK NAME	VAULT	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARE	MARKET VALUE	TOTAL MARKET VALUE
DMW	D.M. WENCESLAO & ASSOCIATES, INC.	0	0	0	25,000	25,000	5.00	125,000.00
DNA	PHILAB HOLDINGS CORP.	0	0	0	97,380	97,380	0.00	0.00
DNL	D&L INDUSTRIES, INC.	0	0	0	1,442,700	1,442,700	3.85	5,554,395.00
ECP	EASYCALL COMM. PHILS., INC.	0	0	0	18,260	18,260	2.60	47,476.00
ECVC	EAST COAST VULCAN MINING CORP.	835	0	0	132,861	132,861	0.27	35,872.47
EEL	ENGINEERING EQUIPMENT INC.	147	0	0	708,423	708,423	2.84	2,011,921.32
EIIPB	EEL CORP. SERIES B PREF. SHARES	0	0	0	20,920	20,920	98.40	2,058,528.00
EG	IP E-GAME VENTURES, INC.	0	0	0	11,400,000	11,400,000	0.00	0.00
EGRN	EVERWOODS GREEN RESOURCES & HOLDING	0	0	0	220,000	220,000	0.00	0.00
EIBA	EXPORT AND INDUSTRY BANK, INC.	5	0	0	5,910,314	5,910,314	0.00	0.00
ELI	EMPIRE EAST LAND HOLDINGS INC.	12,900	0	0	3,938,912	3,951,812	0.10	410,988.45
ENEX	ENEX ENERGY CORP.	0	0	0	24,856	24,856	3.34	83,019.04
EPCI	EQUITABLE BANKING CORPORATION	100	0	0	100	100	95.00	9,500.00
EURO	EURO-MED LAB. PHILS., INC.	0	0	0	281,000	281,000	1.00	281,000.00
EW	EASTWEST BANKING CORP.	0	0	0	161,767	161,767	11.60	1,876,497.20
FB	SAN MIGUEL FOOD AND BEVERAGE, INC.	0	0	0	34,230	34,230	55.00	1,882,650.00
FDC	FILINVEST DEVELOPMENT CORP.	0	0	0	37,843	37,843	4.55	172,185.65
FDCPA	FILINVEST DEVT. CORP SERIES A PREF	0	0	0	1,500	1,500	1,010.00	1,515,000.00
FDCPB	FILINVEST DEVT. CORP SERIES B PREF	0	0	0	7,000	7,000	1,004.00	7,028,000.00
FEB	FAR EAST BANK AND TRUST CO.	1	0	0	1	1	60.00	60.00
FFI	FILIPINO FUND, INC.	0	0	0	12,433	12,433	7.50	93,247.50
FGEN	FIRST GEN CORPORATION	0	0	0	109,900	109,900	17.74	1,949,626.00
FILRT	FILINVEST REIT, CORP.	0	0	0	630,925	630,925	3.10	1,955,867.50
FIP	F&J PRINCE HOLDINGS CORP. "A"	0	0	0	49,000	49,000	2.60	127,400.00
FLI	FILINVEST LAND, INC.	5,950	0	0	1,616,037	1,621,987	0.77	1,248,929.99
FNI	GLOBAL FERRONICKEL HOLDINGS, INC.	0	0	0	138,485	138,485	1.35	186,954.75
FOOD	ALLIANCE SELECT FOODS INT'N INC.	0	0	0	25,000	25,000	0.37	9,250.00
FPH	FIRST PHIL. HOLDINGS CORP.	292	0	13,494	38,483	52,269	77.00	4,024,713.00
FPI	FORUM PACIFIC, INC.	0	0	0	20,000	20,000	0.24	4,800.00
FRUIT	FRUITAS HOLDINGS, INC.	0	0	0	2,300,000	2,300,000	0.64	1,472,000.00
FSTEP	FIRST E-BANK CORP. PREFERRED	1,221	0	0	1,221	1,221	0.00	0.00
GEO	GEORACE RESOURCES PHILIPPINES, INC	0	0	0	1,146,428	1,146,428	0.09	99,739.24
GERI	GLOBAL-ESTATE RESOURCES, INC.	0	0	0	145,740	145,740	0.69	100,560.60
GLO	GLOBE TELECOM, INC.	0	0	0	2,464	2,464	1,584.00	3,902,976.00
GMA7	GMA NETWORK, INC.	0	0	0	363,600	363,600	5.41	1,967,076.00
GMAP	GMA HOLDINGS, INC.	0	0	0	95,000	95,000	5.29	502,550.00
GO	GOTESCO LAND, INC.	320	0	0	16,139	16,459	0.14	2,304.26
GOB	GOTESCO LAND, INC. B	0	0	0	1,573	1,573	0.00	0.00
GREEN	GREENERGY HOLDINGS INCORPORATED	0	0	0	65,700	65,700	0.18	11,826.00
GSMI	GINEBRA SAN MIGUEL, INC.	0	0	0	25,080	25,080	295.00	7,398,600.00
GTCP	GT CAPITAL HOLDINGS INC	0	0	0	36,344	36,344	595.00	21,624,680.00
GTPPB	GT CAP PERPETUAL PREFB	0	0	0	2,200	2,200	1,000.00	2,200,000.00
HLCM	HOLCIM PHILIPPINES, INC.	0	0	0	7,630	7,630	3.87	29,528.10
HMO	HERCULES MINERALS & OILS INC.	100,000	0	0	0	100,000	0.01	1,000.00

SCHEDULE VI

MDR SECURITIES, INC.
INVENTORY REPORT BY LOCATION - SUMMARIZED
 As of December 31, 2025
 Customer : JOY TAN (168) - SUSPENSE (SUSPENSE)

CODE	STOCK NAME	Vault	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARE	MARKET VALUE	TOTAL MARKET VALUE
HOME	ALLHOME CORP.	0	0	0	576,300	576,300	0.24	136,583.10
I	I-REMIT, INC.	0	0	0	328	328	0.20	65.27
ICT	INTERNTL CONTAINER TERMINAL	10,401	0	0	28,843	39,244	567.00	22,251,348.00
IMI	INTEGRATED MICRO-ELECTRONICS, INC.	0	0	0	38,000	38,000	3.47	131,860.00
IMP	IMPERIAL RES. INC. "A"	0	0	0	97,000	97,000	0.70	67,900.00
INFRA	PHILIPPINE INFRADEV HOLDINGS INC.	64,800	0	0	4,681,000	4,745,800	0.32	1,494,927.00
ION	IONICS CIRCUIT INC.	0	0	0	31,100	31,100	1.02	31,722.00
IPM	IPM HOLDINDS, INC.	0	0	0	2,200	2,200	1.57	3,454.00
IPO	IPEOPLE, INC. "A"	4,250	0	0	66,916	71,166	6.00	426,996.00
IS	ISLAND INFORMATION & TECH. INC	46,168	0	0	800,000	846,168	0.12	104,078.66
JAS	JACKSTONES, INC.	0	0	0	4,207,843	4,207,843	1.12	4,712,784.16
JFC	JOLIBEE FOODS CORPORATION	0	0	0	26,371	26,371	180.00	4,746,780.00
JFCPB	JOLIBEE FOODS CORP. SERIES B PREF	0	0	0	500	500	994.00	497,000.00
JGS	JG SUMMIT HOLDINGS, INC.	0	0	0	22,135	23,65	23.65	523,492.75
JOH	JOLIVILLE HOLDINGS CORP.	0	0	0	4,000	4,000	3.08	12,320.00
KEEPR	THE KEEPERS HOLDINGS, INC.	0	0	0	310,000	310,000	2.48	768,800.00
KEP	KEPPEL PHILS. PROPERTIES, INC.	0	0	0	15,226	15,226	2.20	33,497.20
KPM	KEPPEL PHILIPPINES MARINE, INC	5,250	0	0	2	5,252	3.00	15,756.00
LC	LEFANTO CONS. MNG. "A"	27,764	0	0	92,374,096	92,401,860	0.19	17,094,344.10
LCB	LEFANTO CONS. MNG. "B"	1,811	0	0	25,602,071	25,603,882	0.19	4,787,925.93
LFM	LIBERTY FLOUR MILLS	10,000	0	0	3,500	3,500	33.80	118,300.00
LFB	LIBERTY TELECOMS HOLDINGS INC.	0	0	0	10,000	10,000	1.56	15,600.00
LOBE	LODESTAR INVESTMENT HOLDINGS CORP.	0	0	0	100,000	100,000	0.35	35,000.00
LOTO	PACIFIC ONLINE SYSTEMS CORPORATION	0	0	0	10,000	10,000	1.70	17,000.00
LPC	LFM PROPERTIES CORPORATION	0	0	0	443,000	443,000	0.04	18,163.00
LPZ	LOPEZ HOLDINGS CORPORATION	1,700	0	0	75,975	77,675	3.72	288,951.00
LRC	LANDOIL RESOURCES CORP. "A"	80,000	0	0	0	80,000	0.00	320.00
LTG	LT GROUP INC.	0	0	0	123,000	123,000	14.78	1,817,940.00
MA	MANILA MINING CORP. "A"	0	0	0	460,010,701	460,010,701	0.01	3,358,078.12
MAB	MANILA MINING CORP. "B"	0	0	0	306,245,025	306,245,025	0.01	2,204,964.18
MAC	MACROASIA CORPORATION	0	0	0	545,760	545,760	4.34	2,368,598.40
MACAY	MACAY HOLDINGS, INC.	0	0	0	2,096	2,096	6.99	14,651.04
MAH	METRO ALLIANCE HLDGS& EQUITIES	1,500	0	0	4,000	5,500	0.37	2,035.00
MAHB	METRO ALLIANCE HLDGS& EOTY. "B"	0	0	0	3,000	3,000	0.69	2,070.00
MARC	MARCVENTURES HOLDINGS, INC.	4	0	0	101,410	101,414	0.70	70,989.80
MAXS	MAXS GROUP INC.	0	0	0	154,500	154,500	2.45	378,525.00
MB	MANILA BULLETIN PUBLISHING "A"	5,204	0	0	42,845	48,049	0.16	7,880.04
MBT	METROPOLITAN BANK	0	0	0	245,566	245,566	68.50	16,821,271.00
MED	MEDCO HOLDINGS, INC.	0	0	0	63,000	63,000	0.09	5,670.00
MEDIC	MEDILINES DISTRIBUTOR INC.	0	0	0	350,000	350,000	0.26	91,000.00
MEG	MEGAWORLD CORPORATION	3,555	0	0	1,156,732	1,160,287	2.08	2,413,396.96
MER	MANILA ELECTRIC COMPANY	738	0	0	24,164	24,902	574.00	14,293,748.00
MER-PRE	MERALCO PREF. SERIES "A"	14	0	0	0	14	82.50	1,155.00
MFC	MANULIFE FINANCIAL CORPORATION	0	0	0	1,215	1,215	1,880.00	2,284,200.00

SCHEDULE VI

MDR SECURITIES, INC.
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MG	MILLENIUM GLOBAL HOLDINGS	0	0	0	0	76,000	0.06	4,560.00
MGH	METRO GLOBAL HOLDINGS CORP	0	0	0	0	72,200	1.00	72,200.00
MHC	MABUHAY HOLDINGS	2,000	0	0	0	103,000	0.12	12,075.00
MI	MARINDUQUE MINING	50	0	0	0	50	0.00	0.00
MIC	MANILA JOCKEY CLUB	5	0	0	0	165	1.27	215.90
MJC	MIC INVESTMENTS CORP.	0	0	0	0	26,000	1.00	26,000.00
MM	MERRYMART CONSUMER CORP.	0	0	0	0	393,000	0.40	157,200.00
MMC	MARCOPPER MINING CORPORATION	0	0	0	0	1,496	1.00	1,496.00
MON	MONDRAGON INTERNATIONAL PHIL.	0	0	0	0	52,910	0.00	0.00
MONDE	MONDE NISSIN CORPORATION	0	0	0	0	349,000	5.80	2,024,200.00
MRC	MRC ALLIED INC.	0	0	0	0	3,609,200	0.87	3,140,004.00
MREIT	MREIT, INC.	0	0	0	0	259,000	14.00	3,626,000.00
MRSOI	METRO RETAIL STORES GROUP, INC	0	0	0	0	120,000	1.15	138,000.00
MVC	MABUHAY VINYL CORPORATION	0	0	0	0	32,800	5.19	170,232.00
MWC	MANILA WATER COMPANY, INC.	0	0	0	0	323,900	40.30	13,053,170.00
MWIDE	MEGAWIDE CONSTRUCTION CORPORATION	0	0	0	0	181,000	2.99	541,190.00
MWP6A	MEGAWIDE CONS.CORP.PREF.SERIES 6A	0	0	0	0	10,000	100.00	1,000,000.00
MWP6B	MEGAWIDE CONS.CORP.PREF.SERIES 6B	0	0	0	0	10,000	100.20	1,002,000.00
MWP6C	MEGAWIDE CONS.CORP.PREF.SERIES 6C	0	0	0	0	50,000	103.80	5,190,000.00
MWP7B	MEGAWIDE CONS. CORP.SERIES 7B PREF.	0	0	0	0	6,000	105.00	630,000.00
MYNLD	MAYNILAD WATER SERVICES, INC.	0	0	0	0	524,700	16.90	8,867,430.00
NI	NIHAO MINERAL RESOURCES INTL. INC.	0	0	0	0	12,001	0.32	3,780.32
NIKL	NICKEL ASIA CORPORATION	0	0	0	0	825,923	3.89	3,212,840.47
NOW	NOW CORPORATION	0	0	0	0	431,000	0.68	293,080.00
NRCP	NATL REINSURANCE CORP. OF THE PHIL	0	0	0	0	2,285,000	0.77	1,759,450.00
NXGEN	ASIA TRUST DEVELOPMENT BANK	0	0	0	0	177,850	7.00	1,244,950.00
OGP	OCEANAGOLD (PHILIPPINES), INC.	0	0	0	0	91,300	32.20	2,939,860.00
OM	OMICO MINING & INDUSTRIAL CORP	10,300	0	0	0	2,256,000	0.10	228,896.30
OPM	ORIENTAL PETROLEUM "A"	3,604,422	0	0	0	103,427,024	0.01	1,284,377.35
OPMB	ORIENTAL PETROLEUM "B"	183,064	0	0	0	12,769,371	0.01	155,429.22
ORE	ORIENTAL PENINSULA RES. GROUP, INC.	0	0	0	0	7,725,300	0.37	2,858,361.00
OV	THE PHILODRILL CORPORATION	435,947	0	0	0	62,383,373	0.01	559,091.95
PA	PACIFICA HOLDINGS, INC.	0	0	0	0	16,300	0.95	15,485.00
PAL	PAL HOLDINGS, INC.	157	0	0	0	27,193	3.80	103,333.40
PAX	PAXYS, INC.	0	0	0	0	6,000	2.61	15,660.00
PBB	PHILIPPINE BUSINESS BANK	0	0	0	0	303,426	7.70	2,336,380.20
PBC	PHILIPPINE BANK OF COMM.	0	0	0	0	56	16.70	935.20
PCOR	PETRON CORPORATION	104,252	0	0	0	839,592	2.48	2,082,188.16
PCP	PICOP RESOURCES INC.	355	0	0	0	205,255	0.21	42,077.28
PERC	PETROENERGY RESOURCES CORP.	1,093	0	0	0	914,813	3.50	3,201,845.50
PGOLD	PUREGOLD PRICE CLUB, INC.	0	0	0	0	66,000	38.00	2,508,000.00
PHA	PREMIERE HORIZON ALLIANCE CORP.	0	0	0	0	245,000	0.24	58,065.00
PHC	PHILCOMSAT HOLDINGS CORP.	1,998	0	0	0	407,000	0.00	0.00
PHN	PHINMA CORPORATION	13	0	0	0	545	16.70	9,318.60

SCHEDULE VI

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PIZZA	SHAKELY'S PIZZA ASIA VENTURES, INC.	0	0	0	15,800	15,800	6.80	107,440.00
PLUS	DIGIPLUS INTERACTIVE CORP.	1,417	0	0	94,853	96,270	16.20	1,559,574.00
PMP	PANASONIC MFG. PHILS.CORP	0	0	0	32,200	32,200	10.80	347,760.00
PMT	PRIMETOWN PROPERTY GROUP INC.	0	0	0	2,159,111	2,159,111	0.00	0.00
PNB	PHILIPPINE NATIONAL BANK "A"	51	0	0	1,880,366	1,880,417	54.40	102,294,684.80
PNC	PHIL. NATIONAL CONSTRUCTION	0	0	0	20,000	20,000	0.00	0.00
PNX	PHOENIX PETROLEUM PHILIPPINES INC.	0	0	0	20,814	20,814	4.17	86,794.38
PNX4	PHOENIX PETROLEUM PHIL. SERIES4PREF	0	0	0	1,000	1,000	177.90	177,900.00
PPC	PRYCE CORPORATION	0	0	0	20,200	20,200	13.20	266,640.00
PRC	PHIL RACING CLUB	0	0	0	444	444	6.60	2,930.40
PRF4C	PETRON CORP. PREFERRED SERIES 4C	0	0	0	6,000	6,000	1,009.00	6,054,000.00
PRF4D	PETRON CORP. PREFERRED SERIES 4D	0	0	0	1,000	1,000	990.00	990,000.00
PRF4E	PETRON CORP. PREFERRED SERIES 4E	0	0	0	5,500	5,500	1,000.00	5,500,000.00
PRIM	PRIME MEDIA HOLDINGS, INC.	0	0	0	17,456	17,456	1.30	22,692.80
PSB	PHIL SAVINGS BANK	0	0	0	3,051	3,051	54.00	164,754.00
PSE	THE PHILIPPINE STOCK EXCHANGE	0	0	0	3,384	3,384	205.40	695,073.60
PTT	PT&T CORP.	1,000	0	0	317,600	318,600	0.00	0.00
PXP	PHILEX MNG CORP "A"	3,027	0	0	7,210,484	7,213,511	9.90	71,413,758.90
RCB	PXP ENERGY CORP.	0	0	0	2,443,576	2,443,576	2.38	5,815,710.88
RCL	RIZAL COMMERCIAL BANKING CORP.	0	0	0	25,550	25,550	25.95	663,022.50
RCL	ROXAS & COMPANY, INC.	0	0	0	10,358	10,358	2.68	27,759.44
RCR	RL COMMERCIAL REIT, INC.	0	0	0	571,000	571,000	8.02	4,579,420.00
REDC	REPOWER ENERGY DEVELOPMENT CORP.	0	0	0	248,000	248,000	6.35	1,574,800.00
REG	REP. GLASS HOLDINGS CORP.	0	0	0	463,968	463,968	2.30	1,067,126.40
RFM	RFM CORPORATION	2,666	0	0	166,834	169,500	4.75	805,125.00
RLC	ROBINSONS LAND CORPORATION	0	0	0	12,000	12,000	16.16	193,920.00
RLT	PHIL REALTY & HOLDINGS	0	0	0	2,400,714	2,400,714	0.11	261,677.83
ROCK	ROCKWELL LAND	5,323	0	0	257,880	263,203	1.85	486,925.55
ROX	ROXAS HOLDINGS, INC.	0	0	0	338	338	1.45	490.10
RPC	REYNOLDS PHILIPPINE CORP.	0	0	0	496,396	496,396	0.15	74,459.40
RRHI	ROBINSONS RETAIL HOLDINGS, INC.	0	0	0	27,760	27,760	33.05	917,468.00
RSC	SEMIRARA MINING CORPORATION	0	0	0	242,500	242,500	28.25	6,850,625.00
SDP	SIME DARBY PILIPINAS, INC.	46	0	0	0	46	30.00	1,380.00
SECB	SECURITY BANK CORPORATION	0	0	0	99,214	99,214	65.65	6,513,399.10
SEVN	PHILIPPINE SEVEN CORPORATION	0	0	0	1,000	1,000	37.00	37,000.00
SFI	SWIFT FOOD, INC.	0	0	0	1,156,703	1,156,703	0.05	54,365.04
SFP	SWIFT FOODS, INC. PREF	0	0	0	2,155	2,155	1.55	3,340.25
SGI	SOLID GROUP, INC.	0	0	0	2,050,000	2,050,000	1.27	2,603,500.00
SGP	SYNERGY GRID & DEV. PHILS. INC.	0	0	0	2,945,590	2,945,590	16.56	48,778,970.40
SHLP	SHELL PHILIPINAS CORPORATION	0	0	0	477,000	477,000	6.93	3,305,610.00
SHNG	SHANG PROPERTIES, INC.	509,888	0	0	81,899	591,787	3.54	2,094,925.98
SLF	SUN LIFE FINANCIAL INC.	0	0	0	811	811	3,440.00	2,789,840.00
SLI	STA. LUCIA LAND, INC.	0	0	0	10,000	10,000	2.60	26,000.00
SM	SM INVESTMENTS CORPORATION	0	0	0	2,768	2,768	699.50	1,936,216.00

SCHEDULE VI

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SMC	SAN MIGUEL CORP. "A"	2,421	0	0	154,726	157,147	82.00	12,886,054.00
SMC2L	SAN MIGUEL CORP. SERIES 2-L PREF.	0	0	0	108,000	108,000	77.65	8,386,200.00
SMC2N	SAN MIGUEL CORP. SERIES 2-N PREF	0	0	0	27,500	27,500	80.50	2,213,750.00
SMC2O	SAN MIGUEL CORP. SERIES 2-O PREF.	0	0	0	156,400	156,400	81.00	12,668,400.00
SMC2S	SAN MIGUEL CORP. SERIES 2-S PREF.	0	0	0	27,000	27,000	77.80	2,100,600.00
SMC2T	SAN MIGUEL CORP. SERIES 2-T PREF.	0	0	0	167,000	167,000	76.50	12,775,500.00
SMC2U	SAN MIGUEL CORP. SERIES 2-U PREF.	0	0	0	100,700	100,700	76.00	7,653,200.00
SMPH	SM PRIME HOLDINGS,INC.	900	0	0	122,486	123,386	22.75	2,807,031.50
SPC	SALCON POWER CORPORATION	0	0	0	2,200	2,200	9.74	21,428.00
SPM	SEAFRONT RESOURCES CORPORATION	260	0	0	13,423	13,683	2.36	32,291.88
SPNEC	SP NEW ENERGY CORPORATION	0	0	0	813,125	813,125	1.17	951,356.25
SSI	SSI GROUP, INC.,	0	0	0	172,000	172,000	2.63	452,360.00
STI	STI EDUCATION SYSTEM HOLDINGS, INC.	0	0	0	670,308	670,308	1.41	945,134.28
STR	STENIEL MFG. CORP.	3,750	0	0	152,187	155,937	2.18	339,942.66
STR	VISTAMALLS, INC.	0	0	0	50,000	50,000	1.25	62,500.00
SUN	SUNTRUST RESORT HOLDINGS, INC.	0	0	0	14,100	14,100	0.76	10,716.00
SUN	SANITARY WARES	10,000	0	0	3,800	3,800	0.00	0.00
SWM	TKC METAL CORPORATION	0	0	0	122,000	122,000	0.44	53,680.00
T	TRANS PACIFIC BROADCAST GRP.INT	0	0	0	2,150,000	2,150,000	0.13	285,950.00
TBGI	PHIL. LONG DISTANCE TEL. CO.	5	0	0	42,993	42,998	1,260.00	54,177,480.00
TEL	PLDT (10% PREF) SERIES A	15	0	0	0	15	11.12	166.80
TELA	PLDT (10% PREF) SERIES B	15	0	0	0	15	11.12	166.80
TELB	PLDT (10% PREF) SERIES F	50	0	0	0	50	11.14	557.00
Telf	PLDT (10% PREF) SERIES I	80	0	0	0	80	10.68	854.40
TELI	PLDT (10% PREF) SERIES L	130	0	0	0	130	11.14	1,448.20
TELL	TOP FRONTIER INVESTMENT HOLDINGS,IN	0	0	0	15,325	15,325	61.00	934,825.00
TFHI	UNION BANK OF THE PHILIPPINES	0	0	0	906,810	906,810	26.60	24,121,146.00
UBP	UNIOIL RES. & HOLDINGS CO. INC	0	0	0	890,000	890,000	0.00	0.00
UNI	UNIVERSAL RIGHTFIELD PROP. HOL	0	0	0	2,510,000	2,510,000	0.00	0.00
UP	UNITED PARAGON MINING CORP.	5,262,500	0	0	201,637,500	206,900,000	0.01	1,200,020.00
UPM	UNIVERSAL ROBINA CORPORATION	0	0	0	69,670	69,670	67.30	4,688,791.00
URC	IVANTAGE CORPORATION	0	0	0	503,374	503,374	0.89	448,002.86
V	VITARICH CORPORATION	0	0	0	156,000	156,000	0.53	82,680.00
VITA	VISTA LAND & LIFESCAPE, INC	0	0	0	99,240	99,240	1.04	103,209.60
VLL	VISTALAND & LIFESCAPES,INC.PREF. 2A	0	0	0	10,000	10,000	91.95	919,500.00
VLL2A	VISTALAND & LIFESCAPES,INC. PREF.2B	0	0	0	20,000	20,000	90.00	1,800,000.00
VLL2B	VICTORIAS MILLING COMPANY	0	0	0	264,670	264,670	1.73	457,879.10
VMC	VISTA REIT, INC.	0	0	0	384,000	384,000	1.37	526,080.00
VREIT	PHILWEB.COM,INC. "A"	0	0	0	1,753,160	1,753,160	6.20	10,869,592.00
WEB	WHITE EAGLE OVERSEAS	130,000	0	0	0	130,000	0.00	0.00
WEO	WELLEX INDUSTRIES, INC.	0	0	0	40,000	40,000	0.26	10,400.00
WIN	WILCON DEPOT, INC.	0	0	0	8,000	8,000	6.96	55,680.00
WLCON	WATERFRONT PHILS. INC.	0	0	0	70,000	70,000	0.41	28,350.00
WPI	XURPAS, INC.	0	0	0	2,600,400	2,600,400	0.25	644,899.20
X								


SCHEDULE VI

MDR SECURITIES, INC.
INVENTORY REPORT BY LOCATION - SUMMARIZED
 As of December 31, 2025
 Customer : JOY TAN (168) - SUSPENSE (SUSPENSE)

CODE	STOCK NAME	VAULT	CLEARING HOUSE	TRANSFER OFFICE	P C D	TOTAL SHARE	MARKET VALUE	TOTAL MARKET VALUE
XG	NEXGEN ENERGY CORPORATION	0	0	0	891,000	891,000	3.18	2,833,380.00
ZHI	ZEUS HOLDINGS, INC.	0	0	0	20,000	20,000	0.07	1,340.00
		<u>10,778,919</u>		<u>26,903</u>	<u>1,621,189,477</u>	<u>1,631,995,299</u>		<u>1,012,717,915.12</u>

Number of Shares in Vault 10,778,919
 Number of Shares in Clearing House 0
 Number of Shares in Transfer Office 26,903
 Number of Shares in PCD 1,621,189,477
 Total Number of Shares 1,631,995,299

Certified True and correct:


 MS. AMALIA LOURDES R. MANUEL
 Associated Person

MDR SECURITIES, INC.
Financial Soundness Indicators (SRC Rule 68, as amended)
December 31, 2025 and 2024

	2025	2024
LIQUIDITY RATIOS		
Total current assets	24,075,566	23,642,514
Total current liabilities	18,727,782	18,640,134
Current ratios	1.29	1.27
SOLVENCY RATIOS		
Total liabilities	25,255,294	26,998,350
Total equity	46,024,229	44,854,209
Debt-to-equity ratios	0.55	0.60
ASSET TO EQUITY RATIOS		
Total assets	71,279,523	71,852,559
Total equity	46,024,229	44,854,209
Asset-to-equity ratios	1.55	1.60
INTEREST RATE COVERAGE RATIO		
Loss after tax	(929,980)	(2,308,738)
Add: Interest expense	910,546	1,064,860
Less: Income tax benefit (expense)	(190,939)	968,717
Earnings (Loss) before interest and taxes (EBIT)	(210,373)	(275,161)
Add: Depreciation and amortization	802,297	822,380
Earnings (Loss) before interest, taxes, depreciation and amortization (EBITDA)	591,924	547,219
Interest expense	910,546	1,064,860
Interest rate coverage ratios	0.65	0.51
PROFITABILITY RATIOS		
Loss after tax	(929,980)	(2,308,738)
Total assets - current year	71,279,523	71,852,559
Total assets - prior year	71,852,559	73,666,287
Average total assets	71,566,041	72,759,423
Return (Negative return) on assets (ROA)	-1.30%	-3.17%
Loss after tax	(929,980)	(2,308,738)
Total equity - current year	46,024,229	44,854,209
Total equity - prior year	44,854,209	42,662,947
Average total equity	45,439,219	43,758,578
Return (Negative return) on equity (ROE)	-2.05%	-5.28%

SCHEDULE VIII

MDR SECURITIES, INC.
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
December 31, 2025

Audit And Non-Audit Fees of the Company and its Consolidated Related Entities

	Current Year	Prior Year
Total Audit Fees	₱135,000	₱135,000
Non-audit services fees:		
Other assurance services	75,000	75,000
Tax services	-	-
All other services	-	35,750
Total Non-audit Fees	₱75,000	₱110,750
Total audit and non-audit fees	₱210,000	₱245,750

Audit and Non-audit Fees of Other Related Entities

	Current Year	Prior Year
Audit fees	₱17,000	₱17,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total audit and non-audit fees of other related entities	₱17,000	₱17,000

Ramon F. Garcia and Company, CPAs is a member of Crowe Global rendering Audit, Tax & Advisory Services. Crowe Global is a leading international network of separate and independent accounting and consulting firms that are licensed to use Crowe in connection with the provision of professional services to their clients. Crowe Global itself is a non-practicing entity and does not provide professional services to clients. Services are provided by the member firms. Crowe Global and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

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To: SECURITIES AND EXCHANGE COMMISSION (“Commission”):

DECLARATION

We, the undersigned, confirm that:

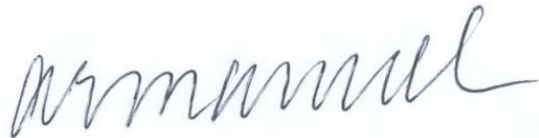
- 1) This statement has been drawn up in accordance with Rule 28.1 (E) (2) of the SRC – Risk Based Capital Adequacy Requirement/Ratio relevant to the company’s calculation of its capital adequacy requirements and SEC Memorandum Circular No. 15 (Adoption of the Risk Based Capital Adequacy Requirement/Ratio (RBCA) for Broker Dealers) Series of 2004. It has been prepared from and is in agreement with the books and records of the company.
- 2) The company’s accounting records, system and controls are maintained in accordance with the Implementing Rules and Regulations of the SRC and the other relevant guidelines issued by the Commission.
- 3) We are not aware of any matters which could have a material effect upon the financial position of the company before due date of the next statement, which are not declared herein, or have not been notified to, and acknowledged by the Commission.
- 4) Since the date of the last reporting statement, the company has been in compliance with the rules of the SRC except as been notified to the Commission.
- 5) We have reviewed the attached RBCA Report and attest to the truthfulness and correctness of the same in all aspects and we are aware that a false declaration may result in disciplinary action being taken against the company.
- 6) For verification and validation purposes of the RBCA computation, we hereby authorize the Commission and the Philippine Stock Exchange to inspect our Books and Records and all other pertinent documents.
- 7) A copy of the RBCA report and its reconciliation have been submitted to the attention of the company’s Board of Directors April 1, 2026.
- 8) The Accounting Head/Officer/and/or Personnel responsible in the preparation of the RBCA report is/are: Cyrus A. Dignal.



MR. MANUEL S. RECTO, JR.
President

April 1, 2026

Date



MS. AMALIA LOURDES R. MANUEL
Associated Person

April 1, 2026

Date

MDR SECURITIES, INC.
RISK-BASED CAPITAL ADEQUACY WORKSHEET
December 31, 2025

Assets	71,279,522
Liabilities	25,255,297
Equity as per books	46,024,225
Adjustments to Equity per books	
Add (Deduct):	
Allowance for market decline	
Subordinated Liabilities	
Unrealized Gain / (Loss) in proprietary accounts	
Deferred Income Tax	(9,092,718)
Deposit for Future Stock Subscription (No application with SEC)	
Minority Interest	
Total Adjustments to Equity per books	(9,092,718)
Equity Eligible For Net Liquid Capital	36,931,507
Contingencies and Guarantees	
Deduct: Contingent Liability	
Guarantees or indemnities	
Ineligible Assets	
a. Trading Right and all Other Intangible Assets (net)	792,000
b. Intercompany Receivables	
c. Fixed Assets, net of accumulated and excluding those used as collateral	25,343,235
d. Prepayment from Client for Early Settlement of Account	
e. All Other Current Assets	1,895,441
f. Securities Not Readily Marketable	
g. Negative Exposure (SCCP)	
h. Notes Receivable (non-trade related)	
i. Interest and Dividends Receivables outstanding for more than 30 days	
j. Ineligible Insurance claims	
k. Ineligible Deposits	
l. Short Security Differences	
m. Long Security Differences not resolved prior to sale	
n. Other Assets including Equity Investment in PSE	1,007,538
Total ineligible assets	29,038,215
Net Liquid Capital (NLC)	7,893,292
Less:	
Operational Risk Req't (Schedule ORR-1)	1,035,696
Position Risk Req't (Schedule PRR-1)	2,837,866
Counterparty Risk (Schedule CRR-1 and detailed schedules)	166
Large Exposure Risk (Schedule LERR-1, LERR-2, LERR-3)	
LERR to a single client (LERR-1)	
LERR to a single debt (LERR-2)	
LERR to a single issuer and group of companies (LERR-3)	
Total Risk Capital Requirement (TRCR)	3,873,728
Net RBCA Margin (NLC-TRCR)	4,019,565
Liabilities	25,255,297
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	11,976,004
Others	1,685,717
Total adjustments to AI	(13,661,721)
Aggregate Indebtedness	11,593,576
5% of Aggregate Indebtedness	579,679
Required Net Liquid Capital (> of 5% of AI or P5M)	5,000,000
Net Risk-based Capital Excess / (Deficiency)	2,893,292
Ratio of AI to Net Liquid Capital	147%
RBCA Ratio (NLC / TRCR)	204%

May 12, 2026

Negative Exposure to SSCP

Cut-off Date 12/31/2025
 Amount: -

Deposit for Future Stock Subscription

		Date of Application (if filed)	Name of Investor	Months Outstanding	Amount	
A	1					
	2					
B	Subtotal					-
		No Application Filed Yet				
	1					
	2					
	Subtotal					-
Total					<u>-</u>	

Interest and Dividends Receivables outstanding for more than 30 days

Interest Receivable
 Dividends Receivable
-

Ineligible Insurance claims

Nature of Claim	Amount
Total	<u>-</u>

Ineligible Deposits

Description	Amount
Total	<u>-</u>

Short Security Differences

Days Unresolved	Amount

Long Security Differences not resolved prior to sale

Days Unresolved	Amount

Minority Interest

Contingencies

Description	Amount	Opinion/Estimate provided by
Total	<u>-</u>	

Guarantees / Indemnities

Description	Amount	Opinion/Estimate provided by
Total	<u>-</u>	

Fixed Assets Used as Collateral

	Description	Acquisition Cost	Accumulated Depreciation	Net Book Value	Loan Amount as of 12/31/25	Allowable for RBC	Loan Reference
1	BAGUIO ASSET	9,640,000	-	9,640,000	2,000,000	2,000,000	
2	TAGAYTAY ASSET	7,700,000	-	7,700,000	1,800,000	1,800,000	
3	BGC OFFICE	15,253,953	2,611,706	12,642,247	8,176,004	8,176,004	
4						-	
5				-		-	
6				-		-	
7				-		-	
8				-		-	
9				-		-	
10				-		-	
	Total	32,593,953	2,611,706	29,982,247	11,976,004	11,976,004	

Loans

	Lender	Reference	Effective Date <small>Format: mm/dd/yyyy</small>	Maturity Date	Original Loan Amount	Balance as of 12/31/2025	Collateral
1	BPI		04/09/2018	12/31/2020	2,000,000	2,000,000	
2	BDO		03/16/2017	03/16/2029	6,492,569	6,492,569	
3							
4							
5							
6							
7							
8							
9							
10							
11	Loans Secured by Securities (Details below)		Various	Various	-	-	
	Total				8,492,569	8,492,569	

Loans Secured by Securities

	Lender	Reference	Effective Date Format: mm/dd/yyyy	Maturity Date	Original Loan Amount	Balance as of 12/31/2025	MV of Securities (Collateral)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
	Total				-	-	-

Other Exclusions to Aggregate Indebtedness

	Description	Amount
1	Deferred Tax Liabilities	1,685,717
2	Liabilities subordinated to claims of creditors not subject to a satisfactory subordinated agreement	
3	Credit balances in accounts of general partners	
4	Liabilities against securities failed to receive	
5	80% of liability against securities loaned with receivable of the same class, issue and quantity	
6	Others (Please specify.)	
	Total	1,685,717

Retained Earnings

1	Appropriated-Reserve Fund	-
2	Appropriated-Others	-
3	Unappropriated	(33,168,799)
	Total	(33,168,799)

MDR SECURITIES, INC.**TRIAL BALANCE****December 31, 2025****Warning: Total Debits does not tie up with Total credits. Pls check.**

	<u>Debit</u>	<u>Credit</u>
Cash on Hand		
Petty Cash Fund	4,000.00	
Cash in Bank	462,081.73	
Reserve Bank Account	6,564,881.85	
Short Term Placement	-	
Trading Account Securities	8,108,187.74	
Oddlot and Error Transactions		
Allowance for Market Decline		
Receivable From Customers	6,461,569.56	
Allowance for Doubtful Accounts		506,587.92
Receivable from Other Brokers	-	
Receivable From Clearing House	78,452.29	
Receivable for Securities Failed to Deliver		
Receivable for Securities Borrowed		
Notes Receivable		
Dividends Receivable		
Interest Receivable		
Other Receivables		
Secured Demand Notes		
Advances to Officers and Employees		
Advances to Suppliers		
Advances - Others		
Prepaid Rent		
Prepaid Insurance		
Prepaid Taxes and Licenses	1,869,514.26	
Prepayment from Client for Early Settlement of Account		
Other Prepayments	25,927.17	
<i>Other Current Assets</i>		
IBODI - <i>Current Portion</i>	-	
IBODI - <i>Long Term Portion</i>	-	
Due from Affiliates/Subsidiaries/Associated Partnerships		
<i>Investments in Securities with No Ready Market</i>		
<i>Other Long Term Investments</i>		
Equity Investment in PSE		
Trading Rights	792,000.00	
Accumulated Amortization - Trading Right		
Other Intangible Assets (Net of amortization)		
Land		

	Debit	Credit
Land Improvements		
Building/Condominium Unit	32,593,954.34	
Accumulated Depreciation - Bldg/Condominium Unit		3,549,166.36
Leasehold Rights and Improvements		
Accumulated Depreciation - LHI		
Furnitures and Fixtures	832,216.24	
Accumulated Depreciation - F/F		832,215.72
Office Equipment/Computer Software/Hardware	1,082,116.87	
Accumulated Depreciation - O/E/Software/Hardware		1,041,759.11
Transportation/Automotive Equipment	1,879,464.31	
Accumulated Depreciation - TE		1,879,464.34
Other Fixed Assets	10,724,071.00	
Accumulated Depreciation - Others		2,489,977.70
Refundable Deposit		
Input Tax	1,007,537.92	
Creditable Withholding Tax		
Deferred Charges		
Deferred Tax Assets	9,092,718.14	
Miscellaneous Assets		
Payable to Customers		11,355,455.18
Payable to Clearing House		
Payable to Non-Customers		2,862,676.95
Payable for Securities Failed to Receive		
Payable for Securities Loans		
Bank Overdrafts (with supporting schedule)		-
Unclaimed Dividends/Dividends Payable		426,081.56
Due to Affiliates, Officers and Employees		
Due to BIR - GRT/Final Tax/Others		
W/T - Compensation		3,155.00
W/T - Expanded		
W/T - Final		
W/T - Others		2,064.82
Income Tax Payable		(1.00)
Other Taxes Payable		
SSS Loan Payable		6,947.78
Pag-Ibig Loan Payable		8,386.69
SSS Premium Payable		18,826.09
Medicare/Philhealth Premium Payable		7,295.12
ECC Payable		
Pag-Ibig Fund Payable		2,000.00
VAT Payable		
Documentary Stamp Tax Payable		2,888.37
Stock Transaction Tax Payable		105,874.86
Transfer Fee Payable		
PCD Fees Payable		
SCCP Fee Payable		7,812.92
Transaction Fee Payable		
<u>Loans Payable</u>		8,492,569.01
Accrued Expenses		194,359.68
Notes Payable		
Interest Payable		
Securities Differences		

	<u>Debit</u>	<u>Credit</u>
Mortgage Payable		
Refundable Deposits		
Securities Sold Not Yet Repurchased		
Accrued Management Bonus		
Unearned Income		
Rental Deposit Payable		
Deferred Tax Liability (Unrealized Gain from Equity Inv. in PSE)		
Deferred Tax Liability (Others)		1,685,716.61
<i>Other Liabilities</i>		73,187.49
Subordinated Liability		-
Authorized Capital Stock - Common		
Authorized Capital Stock - Preferred		
Issued and Outstanding Common Stock		
Issued and Outstanding Preferred Stock		
Subscribed Common Stock		61,100,000.00
Subscribed Preferred Stock		
Subscription Receivable - Common Stock		
Subscription Receivable - Preferred Stock		
Additional Paid-In Capital		11,505,750.00
Donated Capital		
Deposit for Future Subscription		
Retained Earnings, beg.	32,174,777.43	
Net Income/(Loss)		
RE, Appropriated (Reserve Fund)		
RE, Appropriated (Others)		
RE, Unappropriated		
Retained Earnings, end.		
Revaluation Increment in Property		6,587,274.63
Treasury Stock		
Commission Income		4,258,824.36
Gain on Sale of Marketable Securities		776,702.92
Loss on Sale of Marketable Securities		
Gain on Sale of Other Assets		
Loss on Sale of Other Assets		
Rental Income		
Dividend Income		7,803.85
Interest Income		1,019.72
Other Income		928,191.46
Recovery on Market Decline		561,729.55
Unrealized Loss on Market Decline		
Salaries and Wages	2,356,766.89	
13th Month & Other Employee Benefits		
Employees' Welfare	42,070.00	
Trainings and Seminars	36,440.34	
SSS Contributions	164,620.00	
Medicare/Philhealth Contributions	46,212.75	
EC Contributions		
Pag-ibig Fund Contributions	14,200.00	

	<u>Debit</u>	<u>Credit</u>
Management Bonus	-	
Transportation and Travel	118,261.46	
Meetings and Conferences		
Representation and Entertainment		
Management Fee	312,416.60	
Retainer's Fee		
Professional Fees		
Stock Exchange Dues and Fees	522,301.46	
Condominium Dues and Fees	334,278.40	
PCD Fees Expenses		
Rent		
Light & Water	100,938.40	
Insurance	126,204.02	
Office Supplies	207,556.73	
Commission	24,771.21	
Amortization		
Depreciation - Bldg/Condominium	468,729.97	
Depreciation - Leasehold Rights and Improvements		
Depreciation - Furnitures & Fixtures		
Depreciation - Office Equipment	13,352.24	
Depreciation - Transportation/Automotive Equipment		
Depreciation - ROPOA		
Depreciation - Others	320,214.56	
Taxes & Licenses	313,543.12	
Postage, Telephone & Communication	153,946.92	
Security, Messengerial and Janitorial		
Gas & Oil	336,154.21	
Repairs & Maintenance	245,897.08	
Advertising & Promotions		
Bank Charges	23,395.00	
Photocopies		
Subscription and Periodicals		
Interest Expense	887,151.45	
Miscellaneous	894.49	
Provision for Income Tax	254,982.33	
<i>Other Expenses</i>	102,994.29	
	<hr/>	
TOTAL	<u>121,281,764.77</u>	<u>121,281,764.77</u>

MDR SECURITIES, INC.
SUMMARY OF SUBORDINATED LOAN
December 31, 2025

SSA Number	Effective Date	Maturity Date	Term	Remaining Term*	Name of Lender	Relationship of the Lender to the Broker	Orig. SL Number	Orig. Loan Date	Amount of Loan	Interest Rate	Type of SL* (SDN or SL)	Market Value of Collateral*	MV of Collateral (Net of Haircut)	Excess/(Shortage) of MV of Collateral over SL*	Allowable for RBC
1			-	▼							SDN				-
2			-	▼							SL				-
3			-	▼							SL				-
4			-	▼							SL				-
5			-	▼							SL				-
6			-	▼							SL				-
7			-	▼							SL				-
8			-	▼							SL				-
9			-	▼							SL				-
10			-	▼							SL				-
11			-	▼							SL				-
12			-	▼							SDN				-
13			-	▼							SL				-
14			-	▼							SL				-
15			-	▼							SL				-
TOTAL										-					-

**SPECIAL FORM FOR FINANCIAL STATEMENTS OF
 BROKER DEALERS IN SECURITIES**

MDR SECURITIES, INC.

December 31, 2025

PSIC OLD: _____ NEW: _____

(0)

Table 1. Balance Sheet

A. ASSETS (A.1+A.2+A.3+A.4+A.5+A.6+A.7+A.8)		71,279,522
A.1 Current Assets (A.1.1+A.1.2+A.1.3+A.1.4+A.1.5+A.1.6+A.1.7)		23,068,027
A.1.1 Cash and Cash Equivalents		7,030,964
A.1.1.1 Cash on hand and in bank	466,082	
A.1.1.2 Reserve Bank Account	6,564,882	
A.1.2 Short-Term Investments		-
A.1.3 Propriety Security Owned (A.1.3.1+A.1.3.2+A.1.3.3)		8,108,188
A.1.3.1 Trading account Securities	8,108,188	
A.1.3.2 Oddlot and Error Transactions	0	
A.1.3.3 Allowance for market decline in values of Proprietary Securities Owned (negative entry)	0	
A.1.4 Receivables (A.1.4.1+A.1.4.2+A.1.4.3+A.1.4.4+A.1.4.5 +A.1.4.6+A.1.4.7+A.1.4.8+A.1.4.9)		6,033,434
A.1.4.1 Receivable from Customers	6,461,570	
A.1.4.2 Receivable from other Brokers	0	
A.1.4.3 Receivable from Clearing House	78,452	
A.1.4.4 Receivable for Securities Failed to Deliver	0	
A.1.4.5 Receivable for Securities Borrowed	0	
A.1.4.6 Notes Receivable	0	
A.1.4.7 Dividends Receivable	0	
A.1.4.8 Interest Receivable	0	
A.1.4.9 Other Receivables	0	
A.1.4.10 Allowance for doubtful accounts/ Allowance for bad debts or probable losses (negative entry)	-506,588	
A.1.5 Secured Demand Notes		-
A.1.6 Loans and Advances (A.1.6.1+A.1.6.2+A.1.6.3)		-
A.1.6.1 Advances to Officers and Employees	0	
A.1.6.2 Advances to Suppliers	0	
A.1.6.3 Advances-Others	0	
A.1.7 Other current assets (A.1.7.1+A.1.7.2)		1,895,441
A.1.7.1 Prepayments	1,895,441	
A.1.7.2 Prepayment from Client for Early Settlement of Acco	0	
A.1.7.3 Others	0	
A.2 Equity Investment in PSE		-
A.3 Receivable from Affiliates / Subsidiaries / Associated Partnerships		-
A.4 Investments in Securities with No Ready Market		-
A.5 Other Long Term Investments		-
A.6 Property and Equipment (A.6.1+A.6.2+A.6.3+A.6.4+A.6.5+A.6.6+A.6.7)		37,319,240

**SPECIAL FORM FOR FINANCIAL STATEMENTS OF
 BROKER DEALERS IN SECURITIES**

MDR SECURITIES, INC.

December 31, 2025

PSIC OLD: _____ NEW: _____

(0)

Table 1. Balance Sheet

A.6.1	Land	0	
A.6.2	Land Improvements	0	
A.6.3	Building and improvements including leasehold improvements	32,593,954	
A.6.4	Furniture and fixtures	832,216	
A.6.5	Office equipment/Computer Software/Hardware	1,082,117	
A.6.6	Transportation / Automotive equipment	1,879,464	
A.6.7	Others		
	A.6.7.1 Other Fixed Assets	10,724,071	
A.6.8	Accumulated Depreciation (negative only)	-9,792,583	
A.7	Intangible assets (A.7.1+A.7.2)		792,000
	A.7.1 Trading Rights	792,000	
	A.7.2 Others	0	
A.8	Other Assets (A.8.1+A.8.2+A.8.3)		10,100,256
	A.8.1 Deferred Tax Assets	9,092,718	
	A.8.2 Others	1,007,538	
	A.8.3 Miscellaneous Assets	0	
B.	LIABILITIES (B.1+B.2+B.3+B.4+B.5+B.6+B.7+B.8)		25,255,297
B.1	Current Liabilities (B.1.1+B.1.2+B.1.3+B.1.4+B.1.5 B.1.6+B.1.7+B.1.8+B.1.9+B.1.10+B.1.11+B.1.12+B.1.13)		14,838,573
B.1.1	Payable to Customers	11,355,455	
B.1.2	Payable to Clearing House	0	
B.1.3	Payable to Non-Customers	2,862,677	
B.1.4	Payable for Securities failed to receive	0	
B.1.5	Payable for Securities loans	0	
B.1.6	Bank Overdrafts	0	
B.1.7	Accrued Expenses	194,360	
B.1.8	Unclaimed dividends/Dividends Payable	426,082	
B.1.9	Interest Payable	0	
B.1.10	Notes Payable	0	
B.1.11	Securities Differences	0	
B.1.12	Due to affiliates, advances from parent company, inter-company payable	0	
B.2	Taxes Payable		113,982
B.3	Refundable Deposits		-
B.4	Mortgage Payable		-
B.5	Bank Loans Payable		8,492,569

**SPECIAL FORM FOR FINANCIAL STATEMENTS OF
 BROKER DEALERS IN SECURITIES**

MDR SECURITIES, INC.

December 31, 2025

PSIC OLD: _____ NEW: _____

(0)

Table 1. Balance Sheet

B.6 Securities Sold Not Yet Repurchased		-
B.7 Subordinated Liability		-
B.8 Other Liabilities		1,810,173
B.8.1 Deferred Tax Liabilities	1,685,717	
B.8.2 SSS/Pag-ibig/Medicare/ECC Payables	43,456	
B.8.3 Transfer Fee/PCD/SCCP Payables	7,813	
B.8.4 Other Payables	73,187	
C. STOCKHOLDERS' EQUITY (C.2+C.3+C.4+C.5)		46,024,225
C.1 Authorized Capital Stocks - no. shares, par value and total value (show details, memo entry)		
C.2 Paid-in Capital (no. of shares, par value and total value)		72,605,750
C.2.1 Preferred shares	0	
C.2.2 Common shares	61,100,000	
C.2.3 Additional Paid-in Capital	11,505,750	
C.3 Deposit for Future Subscription		-
C.4 Donated Capital		-
C.5 Equity share in the revaluation increment of property / revaluation surplus		6,587,275
C.6 Retained Earnings (C.6.1+C.6.2)		(33,168,799)
C.6.1 Appropriated - Reserve Fund	0	
C.6.2 Appropriated - Others	0	
C.6.3 Unappropriated	-33,168,799	
C.7 Treasury stock (negative entry)		-
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (B + c)		71,279,522

**SPECIAL FORM FOR FINANCIAL STATEMENTS OF
 BROKER DEALERS IN SECURITIES**

MDR SECURITIES, INC.

December 31, 2025

PSIC OLD: _____ NEW: _____

(0)

Table 2a: Income Statement/(Profit and Loss Statement) and Retained Earnings Statement

A. INCOME / REVENUE (A.1+A.2)		6,534,272
A.1 Commission Income		4,258,824
A.2 Other Income		2,275,447
Rental Income	0	
Dividend Income	7,804	
Interest Income	1,020	
Gain on Sale of Marketable Securities	776,703	
Gain on Sale of Other Assets	0	
Recovery on Market Decline	561,730	
Other Income	928,191	
B. EXPENSES (B.1+B.2+B.3+B.4+B.5)		7,273,312
B.1 Commission Expenses	24,771	
B.2 General/Administrative and Operating Expenses	5,141,660	
B.3 Taxes and Licenses	313,543	
B.4 Depreciation and Amortization	802,297	
B.5 Other Expenses	991,040	
Interest Expense	887,151	
Unrealized Loss on Market Decline	0	
Loss on Sale of Marketable Securities	0	
Loss on Sale of Other Assets	0	
Miscellaneous Expenses	894	
Other Expenses	102,994	
C. INCOME / (LOSS) BEFORE TAXES (A - B)		(739,040)
D. PROVISION FOR (BENEFIT FROM - <u>negative entry</u>) INCOME TAX		254,982
E. NET INCOME / LOSS AFTER TAX (C - D)		(994,022)
F. RETAINED EARNINGS (beginning of the year)		(32,174,777)
G. DIVIDENDS DECLARED (G.1+G.2)		
G.1 Cash (negative entry)		
G.2 Stock (negative entry)		
I. RETAINED EARNINGS (end of year)		(33,168,799)

MDR SECURITIES, INC.
SECURITIES OUTSIDE PHISIX AND OTHER INVESTMENTS
December 31, 2025

	Stocks	No. of Shares	Unit Cost	Total Cost	Market Value Per Share	Total Market Value
	Other Equities outside the PHISIX					
1	ATOK-BIG WEDGE CO., INC.	3,900	2.06	8,034.00	2.06	8,034.00
2	APOLLO GLOBAL CAPITAL, I	47,500,000	0.01	237,500.00	0.01	237,500.00
3	ANGLO-PHIL OIL	1,350,000	0.70	945,000.00	0.70	945,000.00
4	ATLAS CONS. MINING & DEV	80,000	6.03	482,400.00	6.03	482,400.00
5	BALAI NI FRUITAS, INC.	576,000	0.35	201,600.00	0.35	201,600.00
6	BASIC ENERGY CORPORAT	2,860,000	0.12	334,620.00	0.12	334,620.00
7	DITO CME HOLDINGS CORP	800,000	0.68	544,000.00	0.68	544,000.00
8	EASYCALL COMM. PHILS., IN	12,260	2.60	31,876.00	2.60	31,876.00
9	LEPANTO CONS. MNG. "A"	5,159,525	0.19	954,512.13	0.19	954,512.13
10	LEPANTO CONS. MNG. "B"	2,830,000	0.19	529,210.00	0.19	529,210.00
11	LODESTAR INVESTMENT HC	100,000	0.35	35,000.00	0.35	35,000.00
12	MANILA MINING CORP. "A"	29,908,988	0.01	218,335.61	0.01	218,335.61
13	MEDILINES DISTRIBUTOR IN	210,000	0.26	54,600.00	0.26	54,600.00
14	MRC ALLIED INC.	1,400,000	0.87	1,218,000.00	0.87	1,218,000.00
15	NOW CORPORATION	295,000	0.68	200,600.00	0.68	200,600.00
16	PREMIERE HORIZON ALLIAN	200,000	0.24	47,400.00	0.24	47,400.00
17	DIGIPLUS INTERACTIVE CO	25,000	16.20	405,000.00	16.20	405,000.00
18	VISTAMALLS, INC.	50,000	1.25	62,500.00	1.25	62,500.00
19	TRANSPACIFIC BROADCAST	2,000,000	0.13	266,000.00	0.13	266,000.00
20	UNITED PARAGON MINING C	142,000,000	0.01	823,600.00	0.01	823,600.00
21	XURPAS, INC.	800,000	0.25	198,400.00	0.25	198,400.00
22	PHILWEB.COM, INC. "A"	50,000	6.20	310,000.00	6.20	310,000.00
23				-		-
24				-		-
25				-		-
26				-		-
27				-		-
28				-		-
29				-		-
30				-		-
31				-		-
32				-		-
33				-		-
34				-		-
35				-		-
36				-		-
37				-		-
38				-		-
39				-		-
40				-		-
41				-		-
42				-		-
43				-		-
44				-		-
45				-		-
46				-		-
47				-		-
48				-		-
49				-		-
50				-		-
51				-		-
52				-		-
53				-		-
54				-		-
55				-		-

MDR SECURITIES, INC.
SCHEDULE CE-1
MANUAL COMPUTATION OF CORE EQUITY
December 31, 2025

Capital Account	Account Balance
Paid-up common stock;	61,100,000
Paid-up perpetual and non-cumulative preferred stock	-
Common stock dividends distributable	
Perpetual and non-cumulative preferred stock dividends distributable;	
Additional Paid In Capital	11,505,750
Surplus reserves excluding revaluation reserves or appraisal capital;	
Opening retained earnings adjusted for all current year movements	(32,174,777)
Total Core Equity	40,430,973

Note: Exclusions in the computation of Core Equity

- (1) Common stock treasury shares
- (2) Perpetual and non-cumulative preferred stock treasury shares;
- (3) Unbooked valuation reserves and other capital adjustments (such as unrealized gain in value of noncurrent investments)

MDR SECURITIES, INC.
MONEY MARKET PLACEMENTS/INVESTMENTS IN BONDS AND OTHER DEBT INSTRUMENTS (IBODI)
December 31, 2025

	T-Bills/Placements*	Principal Amount	Maturity Date	Rate (%)	Maturity Value
	I. Money Market Placements				
			Format: mm/dd/yyyy		
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15	Various (Provide details below Row 85)		Various	Various	
	Subtotal	-			-
	II. A IBODI - Private (<=30 days)				
1					
2					
3					
4					
5					
6	Various (Provide details below Row 85)		Various	Various	
	Subtotal	-			-
	II. B IBODI - Private (> 30 days but <= 1 year)				
1					
2					
3					
4					
5					
6	Various (Provide details below Row 85)		Various	Various	
	Subtotal	-			-
	II.C IBODI - Private (> 1 year)				
1					
2					
3					
4					
5					
6	Various (Provide details below Row 85)		Various	Various	
	Subtotal	-			-
	III.A IBODI - Government (<= 1 year)				
1					
2					
3					
4					
5					
6	Various (Provide details below Row 85)		Various	Various	
	Subtotal	-			-
	III.B IBODI - Government (> 1 year)				
1					
2					
3					
4					
5					
6	Various (Provide details below Row 85)		Various	Various	
	Subtotal	-			-
	TOTAL	-			-

*Should be properly enumerated with supports attached.

MDR SECURITIES, INC.
Schedule of Receivables
December 31, 2025

Aging	Balance	Collateral (net of haircut)	Counterparty Exposure after Collateral	Allowance for Bad Debts	Net Exposure	Counterparty Weight (%)	Credit Risk Factor (CRF%)	Credit Risk Requirement
T to T + 1 of counterparty	72,063	4,923,913	(4,851,849)	-	-			
T + 2 to T + 12 of counterparty	183,639	4,612,993	(4,429,354)	3,673	-			
T + 13 to T + 30 of counterparty	672	146,678	(146,006)	66	66			
Beyond T + 30 of counterparty	6,205,196	6,823,539	(618,344)	502,849	-			
Total	6,461,570	16,507,122	(10,045,553)	506,588	66			

T to T + 1 of counterparty

T to T + 1 of counterparty	72,063	4,923,913	(4,851,849)	-	-	0	0	-
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T + 2 to T + 12 of counterparty

Others	183,639	4,612,993	(4,429,354)	3,673	-	100%	0%	-
Others (with computed CRR)	-	-	-	-	-	100%	0%	-
Exchange/Non-exchange TP with Restrictions	-	-	-	-	-	100%	0%	-
Counterparties subj. to 20% Weight	-	-	-	-	-	20%	0%	-
Counterparties subj. to 50% Weight	-	-	-	-	-	50%	0%	-
Government - Natl. govt./BSP	-	-	-	-	-	0%	0%	-
Total	183,639	4,612,993	(4,429,354)	3,673	-			-

T + 13 to T + 30 of counterparty

Others	522	146,661	(146,139)	-	-	100%	0%	-
Others (with computed CRR)	150	17	133	66	66	100%	50%	33
Exchange/Non-exchange TP with Restrictions	-	-	-	-	-	100%	0%	-
Counterparties subj. to 20% Weight	-	-	-	-	-	20%	0%	-
Counterparties subj. to 50% Weight	-	-	-	-	-	50%	0%	-
Government - Natl. govt./BSP	-	-	-	-	-	0%	0%	-
	672	146,678	(146,006)	66	66			33

Beyond T + 30 of counterparty

Others	6,205,196	6,823,539	(618,344)	502,849	-	100%	0%	-
Exchange/Non-exchange TP with Restrictions	-	-	-	-	-	100%	0%	-
Counterparties subj. to 20% Weight	-	-	-	-	-	20%	0%	-
Counterparties subj. to 50% Weight	-	-	-	-	-	50%	0%	-
Government - Natl. govt./BSP	-	-	-	-	-	0%	0%	-
	6,205,196	6,823,539	(618,344)	502,849	-			-

Unsettled Principal Trades

T + 2 to T + 12 of Counterparty			-		-	50%	0%	-
Beyond T + 13 of Counterparty			-		-	50%	0%	-
	-	-	-	-	-			-

MDR SECURITIES, INC.
SCHEDULE ORR-1
MANUAL COMPUTATION OF OPERATIONAL RISK REQUIREMENT (ORR)
December 31, 2025

Type of Revenue/Income	CURRENT YR 2025	YEAR -1 2024	YEAR-2 2023	AVE (sum/ 3)
Commission Income	4,258,824	5,374,645	2,331,732	3,988,401
Interest Income	1,020	11,668	3,689	5,459
Net Recovery from market decline of Marketable Securities Owned	561,730			187,243
Rental Income				-
Dividend Income	7,804	17,159	88,612	37,858
Gain on Sale of Marketable Securities	776,703	-	41,198	272,633
Gain on Sale of other Assets				-
Other Income/Revenues	928,191	44,763	1,087,699	686,884
				-
				-
Total Revenue/Income	6,534,272	5,448,234	3,552,930	5,178,479
Average of Last 3 Years' Gross Income				5,178,479
Operational Risk Factor				20%

Total Operational Risk Requirement

1,035,695.72

(3-year average x Operational risk factor)

MDR SECURITIES, INC.
SCHEDULE CRR-1
MANUAL COMPUTATION OF COUNTERPARTY RISK REQUIREMENT (CRR) FOR ALL TYPES OF SECURITIES (IN AGGREGATE)
December 31, 2025

No.	Counterparty Name	Debt Aging Period (no. of market days overdue)	Counterparty Exposure (Php)	Discounted Collaterals and/or value of provisions made (Php)	Net Counterparty Exposure (Php)	Counterparty Weight (%)	Credit Risk Factor (CRF%)	CRR (Php)
			(a)	(b)	(c) [c=a-b]	(d)	(e)	(f) (f=cxdxe)
1	<u>Unsettled Customer trades</u>	Various	6,389,506	12,089,798	(5,700,291)	Various	Various	33
2	Unsettled Principal trades	Various	-	-	-	Various	Various	-
3	Debts/Loans, Contra Losses and other amounts due				-			-
4	Free Deliveries				-			-
5	Securities Borrowing and Lending				-			-
6	Margin Financing Lending				-			-
7	Others (pls. Specify)	T+2 to T+12			-	100%	8%	-
8	Others (pls. Specify)	Beyond T+12	150	17	133	100%	100%	133
Grand Total of CRR								166

***Prepare separate schedules (following the same format) showing breakdown of each major type of counterparty risk requirement**

MDR SECURITIES, INC.

SCHEDULE PRR-1

MANUAL COMPUTATION OF POSITION RISK REQUIREMENT (PRR) FOR FIXED INCOME AND EQUITY SECURITIES

December 31, 2025

No.	Type of Instrument/Security	Time to Maturity [The difference between reporting date and the Maturity Date of FI Securities (months/years)]	Total Market Value of the Instrument/ Securities (Php)	Position Risk Factors (PRFs)	PRR (Php)
	Equities in the PHISIX		-	25.00%	-
	Other Equities outside the PHISIX		8,108,188	35.00%	2,837,866
	Equities not traded in Exchange but proven to be marketable		-	100.00%	-
	Debt				
	Republic of the Philippines	Up to one (1) year		1.20%	-
		> 1 to 5 years		3.90%	-
		> 5 to 10 years		5.30%	-
		> 10 to 20 years		7.60%	-
		> 20 years		10.00%	-
	Other Corporate Debts			100.00%	-
	FX Position		-	8.00%	-
Total PRR					2,837,866

TIP:

Cells below these are not protected. If in case, you need additional space, just encode below and link totals to the unprotected cells above.

MDR SECURITIES, INC.
SCHEDULE LERR-1
MANUAL COMPUTATION OF LARGE EXPOSURE RISK REQUIREMENT (LERR) TO SINGLE CLIENT
December 31, 2025

No.	Counterparty Name [report only if (a) > 10% of Core Equity]	Type of Securities and/or counterparty transaction type	Net Counterparty Exposure (CE) for Securities and/or counterparty transaction type	LERR (Excess of Net Counter Party Exposure over 10% Core Equity)	30% of Core Equity	Breach maximum LER limit if Total Net CE exceeds 30% of Core Equity (yes/no)
	4,043,097		(Php)	(Php)	(Php) 12,129,292	
1				-	-	-
2				-	-	-
3				-	-	-
4				-	-	-
5				-	-	-
6				-	-	-
7				-	-	-
8				-	-	-
4				-	-	-
5				-	-	-
6				-	-	-
7				-	-	-
8				-	-	-
9				-	-	-
10				-	-	-
11	Various (Pls provide supporting sched below and link)			-	-	-
Grand Total of LERR				-		

MDR SECURITIES, INC.
SCHEDULE LERR-2
MANUAL COMPUTATION OF LARGE EXPOSURE RISK REQUIREMENT (LERR) FOR EXPOSURE TO DEBT FOR FIXED INCOME SECURITIES
December 31, 2025

No.	Type of FI Securities [report only if (a) > 10% of Core Equity]	Market Value of the FI Securities (Php)	Excess of Market Value of FI Securities over 10% of C.E.	Position Risk Factor	LERR (Php)	30% of Core Equity (Php)	Breach maximum LER limit if (a) exceeds 30% of Core Equity (yes/no)
	4,043,097	(a)	(b)	(c)	(d) x c]	[b 12,129,292	
1			-		-	-	-
2			-		-	-	-
3			-		-	-	-
4			-		-	-	-
5			-		-	-	-
6			-		-	-	-
7			-		-	-	-
8			-		-	-	-
9			-		-	-	-
5			-		-	-	-
6			-		-	-	-
7			-		-	-	-
8			-		-	-	-
9			-		-	-	-
10			-		-	-	-
Total LERR					-		

TIP:
Cells below these are not protected. If in case, you need additional space, just encode below and link totals to the unprotected cells above.

MDR SECURITIES, INC.
SCHEDULE LERR-3
MANUAL COMPUTATION OF LARGE EXPOSURE RISK REQUIREMENT (LERR) FOR EXPOSURE TO SINGLE EQUITY
RELATIVE TO A PARTICULAR ISSUER COMPANY AND ITS GROUP OF COMPANIES
December 31, 2025

No.	Name of Securities	LERR TO EQUITY VS CORE EQUITY LIMIT					LERR TO EQUITY VS ISSUER LIMIT					Higher of LERR (d) and (g) (Php)	250% of Core Equity (Php)	Breach maximum LER limit if (a) exceeds 250% of Core Equity (yes/no)
		Quantity [report only if (a) > 10% of Core Equity]	Total Market Value per Security (Php)	Excess of Market Value over 10% of Core Equity	Position Risk Factor	LERR (Php)	5% of Total listed issue of the Equity	Excess of Market Value over 5% Total listed issue	Position Risk Factor	LERR (Php)				
		(a)	(b)	(c)	(d) [b x c]	(e)	(f)	(g) [f=dx e]						
		4,043,097	(a)	(b)	(c)	(d)	(e)	(f)	(g)			101,077,431		
1				-	0.35	-	-	0.35	-	-	-	-	-	
2				-	0.25	-	-	0.25	-	-	-	-	-	
3				-	0.35	-	-	0.35	-	-	-	-	-	
4				-	0.25	-	-	0.25	-	-	-	-	-	
5				-	0.35	-	-	0.35	-	-	-	-	-	
6				-	0.35	-	-	0.35	-	-	-	-	-	
7				-	0.35	-	-	0.35	-	-	-	-	-	
8				-	0.35	-	-	0.35	-	-	-	-	-	
9				-	0.25	-	-	0.25	-	-	-	-	-	
10				-	0.35	-	-	0.35	-	-	-	-	-	
Total LERR														

MDR SECURITIES, INC.
RESERVE FORMULA COMPUTATION Under SRC Rule 49.2
December 31, 2025

<i>Particulars</i>	<i>Credit</i>	<i>Debit</i>
1. Free credit balance and other credit balance in customers' security accounts	11,355,455.18	
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.		5,460,237.48
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.		78,452.00
13. Others		
Total	11,355,455.18	5,538,689.48

MDR SECURITIES, INC.
RESERVE FORMULA WORKSHEET
December 31, 2025

1 . Free Credit balances and Other Credit Balances in Customer Securities Accounts	
Unadjusted trial balance amount	14,218,132.13
A . Additions:	
1. Bank Account Overdrafts/1	
2. Credit balances in customer omnibus accounts	
3. Any other customer credit balance not accounted for elsewhere (explain nature)	
Dividends Payable	
Others	
Subtotal	-
B . Deductions:	
1. Credit Balances in the accounts of non customers such as general partners and principal officers	2,862,676.95
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	2,862,676.95
Adjusted total line item #1	11,355,455.18
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 . Monies 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 os such securities	
Adjusted total line item #3	-
4 . Customer Securities Failed to Receive (as Determined by Allocation or Specific Identification)	
Unadjusted Balance:	
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	-

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	11,355,455.18
10 . Debit Balances in customers' cash and margin accounts excluding Unsecured Accounts and Accounts Doubtful of Collection	
Unadjusted trial balance	6,461,569.56
A . Additions:	
1. Debit balance in customer omnibus accounts	
2. Any other customer debit balance not accounted for elsewhere (explain nature)	
Others	
Subtotal	-
B . Deductions:	
1. Unsecured balances and accounts doubtful of collection	506,587.92
2. Debit balances in the accounts of non-customers such as general partners and principal officers	72,686.00
3. Reduction of margin debits 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 if 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	366,904.24
Subtotal	946,178.16
Subtotal of Adjusted Total Debits	5,515,391.40
Reduce Subtotal by 1%	1%
Adjusted total line item #10	5,460,237.48
11 . Prepayment from Client for Early Settlement of Account	
12 . Securities Borrowed to Effectuate Short Sales by Customers and Securities Borrowed to make delivery on Customers' Securities Failed to Deliver	
13 . 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)	78,452.00
2. Drafts receivable outstanding less than 30 calendar days related to customer transaction / 13	

	Subtotal	78,452.00
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 line item # 13		78,452.00
Aggregate Debit items		5,538,689.48
B . Determination of Requirements		
Aggregate Credit Items		11,355,455.18
Aggregate Debit Items		5,538,689.48
Net Credit/(Debit)		5,816,765.70
Required Reserve (100% of Net Credit if making a weekly computation or 105% if monthly)		5,816,765.70

C . Frequency of Computation

 Weekly

 Monthly

Monthly, if:

- Aggregate Indebtedness: Net Capital Ratio < 800% 147%
AND
 Aggregate Customer Funds < P25 million 11,355,455.18

D . Special Reserve Bank Account Balance

Special Reserve Account balance Prior to Computation	6,564,881.85
Less: Deposit Required	5,816,765.70
Additional Deposit Required	-
Note: Deposit should be made no later than 10 a.m. on the second banking day following computation date.	

MDR SECURITIES, INC.
SCHEDULE UPC-1
UNIMPAIRED PAID-UP CAPITAL
 December 31, 2025

[insert mm/dd/yyyy date format](#)

PHP 0.00

Capital Account	Account Balance
Capital contributions of partners or par value or stated value of Common Stock	-
Payment made on Subscribed Common Stock	61,100,000
Par or Stated Value of Preferred Stock	-
Payment made on Subscribed Preferred Stock	-
Common Stock to be Distributed (arising from a Stock Dividend Declaration)	-
Additional Paid in Capital for both Common and Preferred Stocks	11,505,750
Donated Capital	-
Treasury Stock (negative entry)	-
Deficit (negative entry)	(33,168,799)
Unimpaired Paid-Up Capital	39,436,951