

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**


The Management of **Regis Partners, Inc.** (the Company) is responsible for all information and representations contained in the Annual Income Tax Return for the calendar year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the calendar year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.



Michael Angelo B. Macale
President



Edward S. Dagal
Treasurer

April 21, 2026

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Regis Partners, Inc. (Formerly: Deutsche Regis Partners, Inc.)
23rd Floor, Tower I, Ayala Triangle
Ayala Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Regis Partners, Inc. (Formerly: Deutsche Regis Partners, Inc.) (the Company), which comprise the statements of financial condition as at December 31, 2025 and 2024, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our 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 the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the 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.

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

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



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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 26 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Regis Partners, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Alvin R. Lagrimas
Alvin R. Lagrimas
Partner

CPA Certificate No. 0134448

Tax Identification No. 400-496-026

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 134448-SEC (Group A)

Valid to cover audit of 2025 to 2029 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-199-2025, December 9, 2025, valid until December 8, 2028

PTR No. 10765061, January 2, 2026, Makati City

April 21, 2026



REGIS PARTNERS, INC.
(Formerly: DEUTSCHE REGIS PARTNERS, INC.)
STATEMENTS OF FINANCIAL CONDITION

	December 31, 2025			December 31, 2024		
	Money Balance	Security Valuation		Money Balance	Security Valuation	
		Long	Short		Long	Short
ASSETS						
Current Assets						
Cash and cash equivalents (Note 7)	₱190,516,708			₱332,513,484		
Short-term investment	172,706,833			38,270,572		
Trade receivables (Notes 5 and 8)	729,791,233	₱1,461,831,939		309,722,563	₱900,322,464	
Financial assets at fair value through profit or loss (FVTPL) (Note 6)	17,645,011	1,415,894		16,669,668	1,138,642	
Other receivables (Note 10)	10,508,497			16,170,411		
Other current assets (Note 14)	2,870,701			–		
Total Current Assets	1,124,038,983			713,346,698		
Noncurrent Assets						
Investment in a subsidiary	1,000,000			1,000,000		
Property and equipment (Note 12)	1,680,079			2,980,323		
Exchange trading right (Note 11)	4,000,000			4,000,000		
Right-of-use assets (Note 23)	11,106,961			19,660,755		
Investment property (Note 13)	11,835,443			12,427,216		
Deferred tax asset (Note 22)	–			6,147,464		
Other noncurrent assets (Note 14)	170,393,773			153,833,190		
Total Noncurrent Assets	200,016,256			200,048,948		
	₱1,324,055,239			₱913,395,646		
Securities in Box, Transfer Offices and Philippine Depository and Trust Corporation			₱23,694,104,813			₱25,702,207,132

(Forward)



	December 31, 2025			December 31, 2024		
	Money Balance	Security Valuation		Money Balance	Security Valuation	
		Long	Short		Long	Short
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables (Notes 5 and 15)	₱890,948,151	₱22,631,984,223	₱401,127,243	₱408,253,078	₱24,730,395,099	₱290,645,929
Lease liability (Note 23)	9,357,583			8,569,321		
Other current liabilities (Note 16)	38,358,585			64,115,859		
Total Current Liabilities	938,664,319			480,938,258		
Noncurrent Liabilities						
Lease liability (Note 23)	1,875,716			11,610,905		
Retirement liability (Note 21)	8,532,265			12,336,240		
Deferred tax liability (Note 22)	140,108			-		
Total Noncurrent Liabilities	10,548,089			23,947,145		
Total Liabilities	949,212,408			504,885,403		
Equity						
Share capital (Note 17)	100,000,000			100,000,000		
Share premium	1,579,782			1,579,782		
Retained earnings - appropriated - reserve fund (Note 17)	215,578,077			214,882,241		
Retained earnings - unappropriated (Note 17)	86,351,808			117,289,286		
Remeasurement loss on retirement liability (Note 21)	(28,666,836)			(25,241,066)		
Total Equity	374,842,831			408,510,243		
	₱1,324,055,239	₱24,095,232,056	₱24,095,232,056	₱913,395,646	₱25,021,041,028	₱25,021,041,028

See accompanying Notes to Financial Statements.



REGIS PARTNERS, INC.
(Formerly: DEUTSCHE REGIS PARTNERS, INC.)

STATEMENTS OF INCOME

	Years Ended December 31	
	2025	2024
REVENUES		
Commissions (Note 18)	₱169,552,683	₱288,046,058
Other income		
Research fees	28,214,883	27,573,490
Interest income (Notes 7 and 14)	9,591,689	11,642,582
Foreign currency exchange gain - net	682,597	2,194,012
Trading gains (losses) including mark-to-market of financial assets at FVTPL	250,004	(9,067,646)
Dividend income	39,428	35,186
Miscellaneous income	252,000	219,521
	208,583,284	320,643,203
COST OF SERVICES		
Salaries and benefits (Note 19)	77,856,292	90,665,956
Research fees	23,465,003	29,273,848
Sales and marketing expenses	19,157,714	96,296,197
Stock exchange dues and fees	18,678,799	20,117,616
Central depository fees	2,618,014	2,722,695
	141,775,822	239,076,312
OPERATING AND FINANCE EXPENSES		
Administrative (Note 20)	42,864,696	43,786,844
Depreciation (Notes 12, 13 and 23)	10,539,714	11,612,954
Interest expense on lease liabilities (Note 23)	770,673	1,274,622
Miscellaneous	149,687	290,297
	54,324,770	56,964,717
INCOME BEFORE INCOME TAX	12,482,692	24,602,174
PROVISION FOR INCOME TAX (Note 22)	5,524,334	5,468,062
NET INCOME	₱6,958,358	₱19,134,112

See accompanying Notes to Financial Statements.



REGIS PARTNERS, INC.
(Formerly: DEUTSCHE REGIS PARTNERS, INC.)
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2025	2024
NET INCOME	₱6,958,358	₱19,134,112
OTHER COMPREHENSIVE INCOME (LOSS)		
Item not to be reclassified to profit or loss in subsequent period		
Remeasurement gain (loss) on retirement (Note 21)	333,013	(24,714,359)
Income tax effect	(3,758,783)	6,178,590
	(3,425,770)	(18,535,769)
TOTAL COMPREHENSIVE INCOME	₱3,532,588	₱598,343

See accompanying Notes to Financial Statements.



REGIS PARTNERS, INC.
(Formerly: DEUTSCHE REGIS PARTNERS, INC.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Share Capital (Note 16)	Share Premium	Retained Earnings - Appropriated – Reserve Fund	Retained Earnings - Unappropriated (Note 16)	Remeasurement loss on retirement liability (Note 20)	Total
Balance at January 1, 2024	₱100,000,000	₱1,579,782	₱214,882,241	₱117,289,286	(₱25,241,066)	₱408,510,243
Net income	–	–	–	6,958,358	–	6,958,358
Other comprehensive loss, net of tax	–	–	–	–	(3,425,770)	(3,425,770)
Total comprehensive income (loss)	–	–	–	6,958,358	(3,425,770)	3,532,588
Cash dividends declared (Note 17)	–	–	–	(37,200,000)	–	(37,200,000)
Appropriation of retained earnings (Note 17)	–	–	695,836	(695,836)	–	–
Balances at December 31, 2024	₱100,000,000	₱1,579,782	₱215,578,077	₱86,351,808	(₱28,666,836)	₱374,842,831
Balances at January 1, 2024	₱100,000,000	₱1,579,782	₱362,968,829	₱19,668,586	(₱6,705,297)	₱477,511,900
Net income	–	–	–	19,134,112	–	19,134,112
Other comprehensive loss, net of tax	–	–	–	–	(18,535,769)	(18,535,769)
Total comprehensive income (loss)	–	–	–	19,134,112	(18,535,769)	598,343
Cash dividends declared (Note 17)	–	–	–	(69,600,000)	–	(69,600,000)
Appropriation of retained earnings (Note 17)	–	–	1,913,412	(1,913,412)	–	–
Reclassification from appropriated to unappropriated retained earnings (Note 17)	–	–	(150,000,000)	150,000,000	–	–
Balances at December 31, 2024	₱100,000,000	₱1,579,782	₱214,882,241	₱117,289,286	(₱25,241,066)	₱408,510,243

See accompanying Notes to Financial Statements



REGIS PARTNERS, INC.
(Formerly: DEUTSCHE REGIS PARTNERS, INC.)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	₱12,482,692	₱24,602,174
Adjustments for:		
Depreciation (Notes 12, 13 and 23)	10,539,714	11,612,954
Interest income (Notes 7 and 14)	(9,591,689)	(11,642,582)
Retirement expense (Note 21)	4,958,153	2,932,337
Interest expense on lease liabilities (Note 23)	770,673	1,274,622
Foreign currency exchange gain - net (Note 17)	(682,597)	(2,194,012)
Dividend income	(39,428)	(35,186)
Operating income before changes in operating assets and liabilities	18,437,518	26,550,307
Changes in operating assets and liabilities:		
Decrease (increase) in the amounts of:		
Trade receivables	(420,068,670)	939,094,338
Other receivables	5,661,914	(6,841,240)
Financial assets at FVTPL	(975,343)	(15,944,192)
Other current assets	(2,870,701)	48,136
Other non-current assets	(16,560,583)	(19,175,294)
Increase (decrease) in the amounts of:		
Trade payables	482,695,073	(951,481,517)
Other current liabilities	(25,757,274)	(61,427,113)
Net cash generated from (used in) operations	40,561,934	(89,176,575)
Interest received	9,591,689	11,642,582
Retirement contributions paid	(8,429,115)	(3,850,000)
Income taxes paid	(2,995,545)	(3,886,350)
Net cash provided by (used in) operating activities	38,728,963	(85,270,343)
CASH FLOWS FROM INVESTING ACTIVITIES		
Placements in short-term investments	(277,286,667)	(43,474,427)
Maturities of short-term investments	143,488,790	313,934,919
Acquisitions of property and equipment (Note 12)	(93,903)	(280,002)
Cash dividends received	39,428	35,186
Net cash provided by (used in) investing activities	(133,852,352)	270,215,676
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid (Note 16)	(37,200,000)	(69,600,000)
Payment for principal portion of lease liability (Note 23)	(8,946,927)	(8,475,442)
Payment for interest portion of lease liability (Note 23)	(770,673)	(1,274,622)
Net cash used in financing activities	(46,917,600)	(79,350,064)
EFFECT OF FOREIGN EXCHANGE RATE		
CHANGES ON CASH AND CASH EQUIVALENTS	44,213	656,201
NET DECREASE IN CASH AND CASH EQUIVALENTS	(141,996,776)	106,251,470
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	332,513,484	226,262,014
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	₱190,516,708	₱332,513,484

See accompanying Notes to Financial Statements.



REGIS PARTNERS, INC.
(Formerly: DEUTSCHE REGIS PARTNERS, INC.)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Regis Partners, Inc. (Formerly: Deutsche Regis Partners, Inc.) (the Company) is a domestic corporation incorporated on March 31, 1989 and is presently engaged in the business of buying, selling, and dealing in stocks, bonds, debentures and other securities or commercial papers. Since 2019, the Company has become a wholly owned subsidiary of Pacific Main Properties and Holdings, Inc. (the Parent Company) after buying out the shares previously owned by Deutsche Asia Pacific Holdings Pte. Ltd.. The Company is a holder of a trading right in the Philippine Stock Exchange, Inc. (PSE).

On December 13, 2020, the Philippine Securities and Exchange Commission (SEC) approved the amendments to the articles of incorporation to change the corporate name from Deutsche Regis Partners, Inc. to Regis Partners, Inc.

The Company's principal address is located at 23rd Floor, Tower One, Ayala Triangle, Ayala Avenue, Makati City.

The accompanying financial statements were authorized for issue by the BOD during its meeting held on April 21, 2026.

2. Material Accounting Policy Information

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL) that have been measured at fair value. The financial statements are presented in Philippine pesos (₱), the Company's functional currency.

The Company has a wholly owned subsidiary, Pacific Main Instruments, which is still in pre-operating stage. The Company is a private entity that is not listed on any public exchange.

The Company elected not to prepare consolidated financial statements, under the exemption provided under Philippine Accounting Standard (PAS) 27, *Separate Financial Statements*. From an operational standpoint, the Parent Company has the ultimate control over Pacific Main Instruments. The Parent Company prepares the consolidated financial statements which are in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards and can be obtained from its registered office in 23rd Floor, Tower One, Ayala Triangle, Ayala Avenue, Makati City.

Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with PFRS Accounting Standards.



Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following amendments to PFRS Accounting Standards effective January 1, 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Adoption of these amendments did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PAS 21, *Lack of Exchangeability*
The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

Changes in the Comparative Period Presentation

For 2025, the Company's investment in unitized investment trust fund (UITF) of ₱15.53 million and placements in time deposits of ₱38.27 million as of December 31, 2024 did not qualify as cash equivalents in accordance with the Company's accounting policy, and accordingly, were reclassified from "Cash and cash equivalents" to "Financial assets at FVTPL" and "Short-term investments", respectively, in the 2024 comparative statement of financial condition. These changes resulted in net cash used in operating activities and net cash provided by investing activities amounting to ₱85.27 million and ₱270.22 million, respectively, in the 2024 comparative 2024 statement of cash flows.

Also, in 2025, the Company's creditable withholding taxes, included in "Other receivables" and "Other current assets", totaling ₱100.98 million as of December 31, 2024 were reclassified to "Other noncurrent assets" in the 2024 comparative statement of financial condition to reflect the Company's assessment of expected realization of the asset item. These changes in the presentation resulted in the decrease in Company's current assets and increase in noncurrent assets of ₱100.98 million in the 2024 comparative statement of financial condition.

These changes did not have impact on the Company's financial performance.

Material Accounting Policy Information

Current versus Noncurrent Classification

The Company presents assets and liabilities in the consolidated 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 normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within 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 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 liability for at least twelve months after the reporting period

The Company classifies all other liabilities as noncurrent.

Deferred income tax asset and liability are classified as noncurrent asset and liability, respectively.



Fair value Measurement

For measurement and disclosure purposes, the Company measures its assets and liabilities at fair value at initial recognition and every reporting date as applicable. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible.

The fair value of an asset or 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.

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

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

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

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing 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.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placements and that are subject to an insignificant risk of changes in value.

Financial Instruments

Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on trade date. Receivable from customers, receivable from clearing house, payable to customers and payable to clearing house are also recognized on trade date basis.

Initial Recognition and Classification of Financial Instruments

Financial assets and financial liabilities are recognized initially at fair value. Except for financial assets at FVTPL, the initial measurement of financial assets includes transaction costs. Financial assets are measured at FVTPL unless these are measured at fair value through other comprehensive income (FVOCI) or at amortized cost. Financial liabilities are classified as either financial liabilities



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

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

As of December 31, 2025 and 2024, the Company does not have financial assets at FVOCI.

Financial assets at FVTPL

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial condition at fair value. Included in this classification are equity securities which have been acquired principally for the purpose of selling or repurchasing in the near term. Changes in fair value are recorded in 'Trading gain (loss) including mark-to-market of financial assets at FVTPL' in the statement of income. Dividend income is recorded in 'Dividend income' when the right to receive payment has been established.

Financial assets at amortized cost

Financial assets at amortized cost are debt financial assets that meet both of the following conditions: (i) these are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and (ii) the contractual terms give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. This accounting policy mainly relates to cash and cash equivalents, receivable from customers, receivable from clearing house, other receivables, refundable deposits and refundable contributions to Clearing and Trade Guarantee Fund (CTGF).

After initial measurement, financial assets at amortized cost are subsequently measured at amortized cost using the EIR method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of income. Gains and losses are recognized in statement of income when these investments are derecognized or impaired, as well as through the amortization process. The ECL are recognized in the statement of income under 'Provision for credit losses'. The effects of revaluation on foreign currency-denominated investments are recognized in the statement of income.

Derecognition of Financial Assets and Liabilities

Financial asset

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

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



Financial liability

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

Impairment of Financial Assets

The Company assesses at each statement of financial condition date whether a financial asset or group of financial assets is impaired.

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).

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

The Company assesses on a forward-looking basis the ECL associated with its debt instrument asset carried at amortized cost.

For the Company's financial assets other than trade receivables, the Company applies the general approach in calculating ECL. The loss allowance is based on the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

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

A broad range of forward-looking factors are considered as economic inputs.

Generally, the Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Treasury exposures are considered in default upon occurrence of a credit event such as but not limited to bankruptcy of counterparty, restructuring, failure to pay on an agreed settlement date, or request for moratorium.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is 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.



Exchange Trading Right

Exchange trading right is carried at cost less allowance for impairment loss. Exchange trading right is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be 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.

Investment in a Subsidiary

Investment in a subsidiary in the Company's financial statements is carried at cost, less any impairment in value.

Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated and impairment in value. Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to operations in the year in which the costs are incurred. Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties based on appraisal reports but not to exceed 50 years for buildings and condominium units. The estimated useful life of the investment property is 25 years.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Property and Equipment

Property and equipment, except for construction-in-progress, is stated at cost less accumulated depreciation and amortization and any impairment in value. Construction-in-progress is carried at cost less any impairment value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the item of property and equipment to its working condition and location for its intended use. Expenditures incurred after items of property and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the year in which the costs are incurred.

Construction-in-progress includes costs of constructions, other direct costs, and leasehold improvements under construction but not yet used in operations and is not depreciated until such time that the relevant asset is completed and ready for intended use.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.



Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the shorter of the terms of the covering leases and the estimated useful lives of the improvements.

The estimated useful lives of the respective assets follow:

Office furniture, fixtures and equipment	2-3 years
Motor vehicles	5 years
Leasehold improvements	5 years or term of the lease, whichever is shorter

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

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, an impairment loss is recognized in the statement of income.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 asset) is included in 'Gain on sale of property and equipment' in the statement of income in the year the asset is derecognized.

Right of Use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are subject to impairment.

Impairment of Nonfinancial Assets

At each statement of financial condition date, the Company assesses whether there is any indication that its exchange trading right, investment in a subsidiary and property and equipment, right of use assets 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 (CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU 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.



An impairment loss is charged against profit or loss 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.

An assessment is made at each statement of financial condition date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been 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 are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Equity

Share capital is measured at par value for all shares issued and outstanding. When the shares are sold at premium, the difference between the proceeds and the par value is credited to share premium.

Retained Earnings

Retained earnings represent accumulated earnings of the Company less dividends declared.

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 acting as a principal in all of its revenue arrangements except for trading transactions. The following specific recognition criteria must also be met before income is recognized:

Commissions

Commissions are recognized in the accounting period as income upon confirmation of trade deals. The recognition occurs on the trade date (T+0). Commissions are computed based on a certain percentage of the amount of every trade transaction.

Revenues outside the scope of PFRS 15

Interest

Interest income is recognized as it accrues taking into account the effective yield of the asset.

Trading gain (loss) and mark-to-market gain (loss) of financial assets at FVTPL

Gain (loss) on sale of financial assets at FVTPL and unrealized gain (loss) on financial assets at FVTPL represent results arising from trading activities, including all gains and losses from changes in fair value of financial assets at FVTPL.

Dividend

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



Expenses

Expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Company. Expenses are recognized in the statement of income:

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

Retirement Cost

The Company has a defined benefit retirement plan which entitles a participant to receive a lump sum benefit at a percentage of his final average monthly salary for every year of credited service upon retirement and upon voluntary or involuntary separation from the service under conditions provided for in the Company's retirement plan.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions for the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are retained in equity and not reclassified to profit or loss in subsequent periods.



Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

Company as lessee

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period during which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Income Taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the statement of financial condition date.

Deferred tax

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



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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly to equity.

Foreign Currency Translation

Transactions and balances

Transactions denominated in foreign currency are recorded using the exchange rate prevailing as of the date of the transactions. Outstanding foreign currency-denominated monetary assets and liabilities at year end are translated to Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate prevailing at the end of the year and foreign currency-denominated income and expenses, at the BAP weighted average rates. Gains or losses arising from foreign currency transactions and translation adjustment of foreign currency-denominated assets and liabilities are credited to or charged in the statement of income.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingencies

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

Dividends on Common Shares

Cash dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Company. Dividends for the year that are approved after the statement of financial condition date are dealt with as an event after the reporting period.

Events After the Reporting Date

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



Standards Issued but Not Yet Effective

There are new PFRS Accounting Standards, amendments, interpretation and annual improvements, to existing standards which are effective for annual periods subsequent to 2025. The Company will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
The standard replaces PAS 1 *Presentation of Financial Statements* and responds to investors' demand for better information about companies' financial performance. Entities are required to be required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The new requirements also include:

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

In addition, narrow-scope amendments have been made to PAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

The Company is currently assessing the impact of PFRS 18 on its primary financial statements and notes to the financial statements. The Company considers its main business activities to include investing in financial assets. In accordance with PFRS 18, some of the income and expenses related to those activities are classified in the operating category, as an exception to the general requirements that would otherwise have resulted in their classification in the investing activities.

- PFRS 17, *Insurance Contracts*
- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*



Deferred Effectivity

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

3. Significant Accounting Judgments and Estimates

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

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

Judgment

Offsetting of financial assets and liabilities

The Company considers its compliance with the offsetting criteria as a significant judgment in presenting financial assets and liabilities in its statement of financial condition. In making such assessment, the Company determines at each financial asset and liability the existence of an enforceable legal right to offset and if there is an intention to settle on a net basis and to realize the assets and settle the liabilities simultaneously.

Estimates

Present value of retirement obligation

The cost of defined benefit pension plan and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout at each reporting date. The salary increase rate is management's best estimate of future salary increase based on historical information and forecast.

Refer to Note 21 for the details of assumptions used in the calculation and the amounts of retirement obligation as of December 31, 2025 and 2024.

Recognition of deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

In 2025, the Company assessed that it is not probable that the Company can utilize in full the tax benefits in the foreseeable future. Accordingly, the Company recognized deferred tax assets to the extent of the deferred tax liabilities and did not recognize deferred tax assets on certain deductible temporary differences as of December 31, 2025.



Refer to Note 22 for the details of the Company's recognized and unrecognized deferred tax assets as of December 31, 2025 and 2024.

Estimating allowance for probable Losses

The Company is currently involved in claim for refund on certain creditable withholding taxes. The Company evaluates allowance for probable losses at a level considered adequate to provide for potential unrecoverable amounts. The level of this allowance is evaluated by management based on experience and other factors that affect the recoverability of the accounts.

Refer to Note 14 on the details of the carrying amounts of the Company's creditable withholding taxes as of December 31, 2025 and 2024.

4. **Financial Risk Management Objectives and Policies**

Introduction

The objective of managing operational risk is to establish a framework for the management of risk across the organization that defines the Company's risk appetite for operational risk, ensures that risk is adequately identified, measured, monitored and actively managed; and specifies an effective and efficient organizational structure, governance and risk management process.

The Company's principal financial instruments include cash and cash equivalents, trade receivables, financial assets at FVTPL, refundable contributions to CTGF, payable to clearing house and customers and other payables.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk Management Structure

Board of Directors

The BOD has overall responsibility for the oversight of the Company's risk management process. The BOD has delegated to the Executive Committee (EXCOM) the overall responsibility for the review and approval of the risk strategy and profile in the context of planned business activities and in alignment with the Company's risk appetite.

On an on-going basis, risk management involves the identification, assessment, and development of mitigation decisions that result in the efficient management of risk to a level that is as low as reasonably practical. Transparent management of risk is achieved through the clear assignment of responsibilities and the segregation of duties, where applicable; timely, accurate and complete reporting; and the escalation of the mitigation decisions made by management.

Internal Audit

On a periodic basis, business areas within the Company are required to undergo an inspection coordinated by either compliance or internal audit. A written record and report are prepared, detailing the results of the inspection and is being reviewed by the EXCOM, for the prompt implementation of any noted deficiencies.



Risk Measurement and Reporting Systems

The Company's internal reporting system captures and generates the following exception reports to alert management on potential problems and initiate actions to mitigate risks:

- a. *Discrepancy report in pre-matching of trades*
Trades are pre-matched with counterparties within T+2 (trade date + 2 trading days) time frame and every discrepancy noted is immediately reported to concerned parties for resolution in order to avoid trade fails on settlement date.
- b. *Trade fails report*
Trades of foreign clients not settled on settlement date are immediately reported to the central dealing desk based in Hong Kong for resolution of the issues so that the trades will settle on the next trading day.
- c. *Mark-to-market house position report*
Financial assets at FVTPL are marked-to-market and reported to management for their disposition. Positions that can be sold are identified and marked for disposal in the market whenever appropriate.
- d. *Risk-based capital adequacy (RBCA) report*
This report determines if the Company's net liquid capital (NLC) is adequate in relation to risk requirements of its business operations.
- e. *Trade receivables/payables aging report*
Trade accounts are analyzed according to age so that appropriate actions can be taken on the exceptions highlighted in the report.

Risk Mitigation

In as much as risks are among the realities associated with the Company's business operations, procedures have been put in place to effectively mitigate them. The following are among the policies and procedures that the Company adopted to minimize its risks exposure:

- a. The Company's business is structured in such a way that its principal counterparty is the Jefferies International Limited (the Group) such that the counterparty risk is borne by the Group.
- b. As a policy, the Company does not actively invest in financial assets at FVTPL.
- c. Trades to be settled in foreign currency are covered by forward contracts booked on trade dates.
- d. The Company has secured adequate bills purchased lines with banks as part of its liquidity risk management to ensure that the Company is in a position to pay its obligations to its counterparties as they fall due.

As of December 31, 2025 and 2024, the Company has no outstanding forward contracts and did not avail of its bills purchased lines.

The BOD reviews and sets policies for managing each of these risks and they are summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.



The nature of the business exposes the Company to potential risk of loss due to a counterparty defaulting on a contract. To a stockbroker, credit risk, such as counterparty risk and settlement risk, normally arises from unsettled customer purchases, undelivered securities, unsettled loans and advances, margin lending, default by bond issuer, undelivered services, among others.

The Company defines settlement risk as arising from the non-simultaneous movement of cash and/or securities due to the settlement or clearance of trades. In general, it is the risk that a party may default on one or more settlement obligations to its counterparty or to a settlement agent. It consists of both credit and pre-settlement risk.

Pre-settlement risk is the risk that the counterparty to the completion of a transaction at a future date, will default before final settlement. The consequent exposure is the cost of replacing the original transaction at current market prices.

Maximum exposure to credit risk

Except for receivable from customers, the carrying values of the Company's financial assets as reflected in the statements of financial condition as of December 31, 2025 and 2024 represent the financial asset's maximum exposure to credit risk before and after taking into account collateral held or other credit enhancements.

An analysis of the maximum exposure to credit risk of the Company's receivables from customers after taking into account any collateral held is shown below:

2025				
	Gross maximum exposure	Fair value of collateral	Net exposure	Financial effect of collateral
Receivable from customers	₱722,393,946	₱1,461,831,939	₱2,614,133	₱1,459,217,806

2024				
	Gross maximum exposure	Fair value of collateral	Net exposure	Financial effect of collateral
Receivable from customers	₱273,666,759	₱900,322,464	₱742,256	₱899,580,208

The Company does not have financial guarantees and loan commitments and other-credit related liabilities as of December 31, 2025 and 2024.

Risk concentration of the maximum exposure to credit risk

The distribution of financial assets by counterparty of the Company as of December 31, 2025 and 2024 follows:

2025						
	Trade Receivables*		Other Financial Assets**		Total	
	Amount	%	Amount	%	Amount	%
Banks and financial institutions	₱675,829,609	92.6	₱426,894,790	99.8	₱1,102,724,399	95.3
Real estate companies	51,371,454	7.0	-	-	51,371,454	4.4
Individuals	2,590,170	0.4	1,000,605	0.2	3,590,775	0.3
	₱729,791,233	100.0	₱427,895,395	100.0	₱1,157,686,628	100.0

2024						
	Trade Receivables*		Other Financial Assets**		Total	
	Amount	%	Amount	%	Amount	%
Banks and financial institutions	₱289,037,115	93.3	₱438,282,194	99.8	₱727,319,309	97.1
Real estate companies	19,672,088	6.4	-	-	19,672,088	2.6
Individuals	1,013,360	0.3	702,992	0.2	1,716,352	0.3
	₱309,722,563	100.0	₱438,985,186	100.0	₱748,707,749	100.0

*includes receivable from clearing house and receivable from customers

**includes cash and cash equivalents (excluding cash on hand), other receivables and refundable deposit and refundable CTGF contributions under 'other noncurrent assets'



Credit quality per class of financial assets

The Company's basis in grading its financial assets follows:

High grade – Entities that are highly liquid, sustain operating trends, unlikely to be affected by external factors and have competent management that uses current business models.

Standard grade – Entities that meet performance expectation, unlikely to be affected by external factors and have competent management that uses current business models.

Substandard grade – Entities with marginal liquidity and have declining trend in operations or an imbalanced position in the balance sheet, though not to the point that repayment is jeopardized.

Not rated – Entities for which there is no established credit rating.

The table below shows the credit quality of the Fund's financial assets as of December 31, 2025 and 2024.

	2025			Total
	High Grade	Standard Grade	Substandard Grade	
Cash and cash equivalents (excluding cash on hand)	₱189,782,212	₱–	₱–	₱189,782,212
Short-term investments	172,706,833	–	–	172,706,833
Trade receivables	729,791,233	–	–	729,791,233
Other receivables	1,777,613	8,730,884	–	10,508,497
Refundable CTGF contributions	54,882,891	–	–	54,882,891
Refundable deposits	14,961	–	–	14,961
	₱1,148,955,743	₱8,730,884	₱–	₱1,157,686,627

	2024			Total
	High Grade	Standard Grade	Substandard Grade	
Cash and cash equivalents (excluding cash on hand)	₱331,694,332	₱–	₱–	₱331,694,332
Short-term investments	38,270,572	–	–	38,270,572
Trade receivables	309,722,563	–	–	309,722,563
Other receivables	–	16,170,411	–	16,170,411
Refundable CTGF contributions	52,839,910	–	–	52,839,910
Refundable deposits	9,961	–	–	9,961
	₱732,537,338	₱16,170,411	₱–	₱748,707,749

The Company's bases in grading its financial assets are as follows:

Cash and cash equivalents

High grade pertains to cash and cash equivalents deposited or invested in local banks belonging to Top 10 rank.

Trade receivables

- High grade - current receivables or accounts that fall within T+2 and with high probability of collection due to apparent ability of the counterparty to settle the obligation.
- Standard grade - accounts that are beyond T+2 but the corresponding collateral valuation is sufficient to cover the overdue amount.
- Substandard grade - receivables where the counterparty is not capable of honoring its financial obligation.



Other financial assets

Receivable from retirement plan assets included in “Other receivables” and refundable CTGF contributions and refundable deposits included in “Other noncurrent assets” are considered high grade in view of the certainty of their recoverability and the counterparties’ good reputation and ability to pay. Other receivables under Standard grade are collectibles from medium-risk counterparties.

Liquidity Risk

Liquidity risk is the risk of not being able to meet funding obligations such as the repayment of liabilities or payment of asset purchases.

The Company’s liquidity risk is managed by holding sufficient liquid assets to ensure short-term funding requirements are met. Liquidity is monitored by the Company on a regular basis.

The Company’s objective is to maintain a balance between continuity of funding and flexibility through strong liquidity management system characterized by such elements as good management information system, effective analysis of net funding requirements under various scenarios and/or diversification of funding sources in order to make timely payments on any financial obligations to clients. In cases where trades are way above the normal level, cash position reports are projected at least one day before settlement date to determine if it is necessary to arrange for a temporary increase in its omnibus lines.

The tables below show the maturity profile of the Company’s financial assets and financial liabilities based on remaining contractual undiscounted cash flows, except for the financial assets at FVTPL which are based on the expected realization of these assets:

	2025				Total
	On demand	Up to 3 months	3 to 12 months	Beyond 1 year	
Financial Assets					
Cash and cash equivalents*	₱190,516,708	₱–	₱–	₱–	₱190,516,708
Short-term investments*	–	134,690,592	39,468,705	–	174,159,297
Trade receivables	–	729,791,233	–	–	729,791,233
Financial assets at FVTPL	16,229,117	–	1,415,894	–	17,645,011
Other receivables	–	10,508,497	–	–	10,508,497
Refundable deposits	–	–	–	14,961	14,961
Refundable CTGF contributions	–	–	–	54,882,891	54,882,891
	₱206,745,825	₱874,990,322	₱40,884,599	₱54,897,852	₱1,177,518,598
Financial Liabilities					
Trade payables					
Payable to customers	₱–	₱572,745,237	₱–	₱–	₱572,745,237
Payable to clearing house	–	317,179,426	–	–	317,179,426
Dividends payable to customers	–	1,023,488	–	–	1,023,488
Other current liabilities**	17,474,888	10,857,814	–	–	28,332,702
Lease liabilities	–	2,439,086	7,317,259	2,449,257	12,205,602
	₱17,474,888	₱904,245,051	₱7,317,259	₱2,449,257	₱931,486,455



	2024				Total
	On demand	Up to 3 months	3 to 12 months	Beyond 1 year	
Financial Assets					
Cash and cash equivalents*	₱214,698,156	₱118,391,276	₱–	₱–	₱333,089,432
Short-term investments*	–	32,549,817	6,001,804	–	38,551,621
Trade receivables	–	309,722,563	–	–	309,722,563
Financial assets at FVTPL	–	–	1,138,642	–	1,138,642
Other receivables	15,467,419	–	702,992	–	16,170,411
Refundable deposits	–	–	–	9,961	9,961
Refundable CTGF contributions	–	–	–	52,839,910	52,839,910
	₱230,165,575	₱460,663,656	₱7,843,438	₱52,849,871	₱751,522,540
Financial Liabilities					
Trade payables					
Payable to customers	₱–	₱383,715,808	–	–	₱383,715,808
Payable to clearing house	–	18,351,221	–	–	18,351,221
Dividends payable	–	6,186,049	–	–	6,186,049
Other current liabilities**	18,527,277	27,353,917	–	–	45,881,194
Lease Liabilities	–	2,429,400	7,288,200	12,205,602	21,923,202
	₱18,527,277	₱438,036,395	₱7,288,200	₱12,205,602	₱476,057,474

*includes future interest

**excludes statutory liabilities amounting to ₱10.03 million and ₱18.23 million for 2025 and 2024, respectively

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The Company has very minimal market risk exposure as it does not actively and regularly trade for its own account.

Equity price risk

Equity price risk is the risk of loss arising from movements in equity prices.

The Company does not have significant positions on financial assets at FVTPL as of December 31, 2025 and 2024. Accordingly, the Company assessed that any reasonably possible change in the PSEi in 2025 and 2024 has no material impact on the Company's profit or loss.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will reduce current or future earnings and/or the economic value. The Company has no significant interest rate risk due to the short-term maturities of its interest-bearing financial assets.

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Company's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The Company's exposure to foreign currency risk arises from US dollar-denominated cash in bank amounting to ₱62.20 million (USD 1.06 million) and ₱54.70 million (USD 0.95 million) as of December 31, 2025 and 2024, respectively, and US dollar-denominated payables amounting to ₱7.41 million (USD 0.13 million) and ₱7.33 million (USD 0.13 million) as of December 31, 2025 and 2024, respectively.

The exchange rate used to revalue the Company's dollar-denominated cash in bank is ₱58.79: \$1 and ₱57.85: \$1 as of December 31, 2025 and 2024, respectively.

The Company believes that its profile of foreign currency exposures on its assets and liabilities is within conservative limits for the type of business in which the Company is engaged in.



The Company assessed that the impact of reasonably possible change in the US\$:₱ exchange rate to the Company's profit or loss is minimal.

The following table demonstrates sensitivity to a reasonably possible change in the U.S. dollar exchange rate, with all other variables held constant, of the Company's income before income tax for the years ended December 31, 2025 and 2024.

	Currency	Change in Variable	Effect on Income Before Income Tax
2025	USD	Appreciation by 5% Depreciation by 5%	₱2,705,194 (2,705,194)
2024	USD	Appreciation by 5% Depreciation by 5%	₱4,181,378 (4,181,378)

5. Offsetting of Financial Assets and Financial Liabilities

PFRS 7 requires the Company to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the tables below.

2025						
Financial assets recognized at end of reporting period by type	Gross carrying amount (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial condition	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32		Net amount presented in statements of financial condition
				Financial Instruments	Fair Value of Financial Collateral	
Financial Assets						
Receivable from:						
Customers	₱149,648,709	₱572,745,237	₱722,393,946	₱298,946,248	₱423,256,645	₱191,053
Clearing House	246,085,976	238,688,689	7,397,287	7,397,287	–	–
Financial Liabilities						
Payable to:						
Customers	–	572,745,237	572,745,237	–	–	572,745,237
Clearing House	555,868,115	238,688,689	317,179,426	7,397,287	–	309,782,139
2024						
Financial assets recognized at end of reporting period by type	Gross carrying amount (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial condition	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32		Net amount presented in statements of financial condition
				Financial Instruments	Fair Value of Financial Collateral	
Financial Assets						
Receivable from:						
Customers	₱–	₱273,666,758	₱273,666,758	₱116,160,792	₱157,393,878	₱112,088
Clearing House	354,146,485	318,090,680	36,055,805	18,351,221	–	17,704,584
Financial Liabilities						
Payable to:						
Customers	110,049,050	273,666,758	383,715,808	116,160,792	254,605,382	12,949,634
Clearing House	336,441,901	318,090,680	18,351,221	18,351,221	–	–



6. Fair Value Measurement

Financial assets and liabilities at amortized cost

As of December 31, 2025 and 2024, the Company's financial assets (except refundable deposits and CTGF contributions) and liabilities at amortized costs have carrying amounts that approximate their fair values due to short-term nature of these financial instruments. The fair value of the contributions to CTGF is not determined due to its indefinite term. For refundable deposits, the difference in its fair value against its cost is determined to be not significant.

Financial assets at FVTPL

As of December 31, 2025 and 2024, the fair values of financial assets at FVTPL are based on closing prices for the investment in equity securities and Net Asset Value Per Unit (NAVpU) for the investment in UITF, which classified are under the Level 1 and 2 in the fair value hierarchy, respectively.

In 2025 and 2024, there were no transfers of financial between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

7. Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents

This account consists of:

	2025	2024
Cash on hand	₱734,496	₱819,152
Cash in bank - local currency	137,158,932	184,719,255
Cash in bank - foreign currency	16,111,620	18,614,905
Cash in bank - reserve bank account	36,511,660	10,544,844
Cash equivalents - reserve bank account	-	117,815,328
	₱190,516,708	₱332,513,484

Cash in banks bear annual interest rates ranging from 1.00% to 2.25% in 2025 and 2024. Cash equivalents bear annual interest rates ranging from 4.00% to 5.50% in 2025 and 5.00% to 6.25% in 2024.

Total interest income earned from cash in bank and cash equivalents amounted to ₱6.56 million and ₱5.93 million in 2025 and 2024, respectively.

In compliance with Securities Regulation Code (SRC) Rule 49.2 covering customer protection and custody of securities, the Company maintains special reserve bank accounts for the exclusive benefit of its customers amounting to ₱170.3 million and ₱148.70 million as of December 31, 2025 and 2024, respectively. The Company's reserve requirement is determined weekly based on the SEC's prescribed computations.

Short-Term Investments

As of December 31, 2025 and 2024, the Company has short-term peso and USD-denominated placements with banks amounting to ₱172.71 million and ₱38.27 million with original maturities ranging from 91 days to 272 days. Annual interest rates range from 4.00% to 5.50% in 2025 and 2.25% to 5.00% in 2024.



Interest income on short-term investments amounted to ₱3.03 million and ₱5.67 million in 2025 and 2024, respectively.

Allowance for credit losses

The Company applies the low credit risk simplification provided under PFRS 9 in the staging assessment of its cash and cash equivalents and short-term investments. Based on the Company's assessment, the ECL on these financial assets is not material.

8. Trade Receivables

This account consists of:

	2025	2024
Receivable from customers	₱722,393,946	₱273,666,758
Receivable from clearing house	7,397,287	36,055,805
	₱729,791,233	₱309,722,563

Details of receivable from customers follow:

	2025	
	Money Balance	Security Valuation Long
Cash and fully secured accounts:		
More than 250%	₱3,947,283	₱745,807,394
Between 200% and 250%	-	-
Between 150% and 200%	-	-
Between 100% and 150%	11,848,985	12,041,000
Less than 100%	706,597,678	703,983,545
	₱722,393,946	₱1,461,831,939
	2024	
	Money Balance	Security Valuation Long
Cash and fully secured accounts:		
More than 250%	₱3,039,323	₱629,522,800
Between 200% and 250%	-	-
Between 150% and 200%	-	-
Between 100% and 150%	117,945,065	118,859,550
Less than 100%	152,682,370	151,940,114
	₱273,666,758	₱900,322,464

Allowance for credit losses

For trade receivables, the Company applies a simplified approach in calculating ECLs. The Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. Considering the limited historical default experience and the level of collateral, the ECL on these trade receivables is not material.

As of December 31 2025 and 2024, the Company's trade receivables are current.



9. Financial Assets at Fair Value through Profit or Loss

This account consists of:

	2025	2024
Held-for-trading equity investments	₱1,415,894	₱1,138,642
Investment in UITF	16,229,117	15,531,026
	₱17,645,011	₱16,669,668

Dividend income on held-for-trading equity investments amounted to ₱0.40 million in 2025 and 2024.

In 2025 and 2024, “Trading gains (losses) including mark-to-market of financial assets at FVTPL” recognized in profit or loss is as follows:

	2025	2024
Realized trading gains (losses)	(₱452,264)	(₱9,557,185)
Mark-to-market gains (losses)	702,268	489,539
	₱250,004	(₱9,067,646)

10. Other Receivables

This account consists of:

	2025	2024
Research fee receivable	₱4,973,472	₱4,520,335
Due from retirement plan assets (Note 21)	1,777,613	–
Accrued interest receivable	876,498	1,465,007
Advances to officers and employees (Note 24)	670,638	697,100
Due from a related party (Note 24)	381,233	9,482,077
Others	1,829,043	5,892
	₱10,508,497	₱16,170,411

Research fees receivable pertains to amounts due from Jefferies International Limited for its share in research services provided to foreign clients.

Due from retirement plan assets represents the retirement benefits paid by the Company and collectible from the retirement fund.

11. Exchange Trading Right

Under the PSE rules, all exchange trading rights are pledged at its full value to the PSE to secure the payment of all debts to other members of the exchange arising out of or in connection with the present or future members’ contracts. Republic Act (RA) No. 8799, SRC, prescribes the conversion of the PSE into a stock corporation effective on August 8, 2001, pursuant to a conversion plan approved by the SEC.



In August 2001, the SEC approved the conversion plan with the following salient features, among others:

- a. Existing 184 member-brokers as of August 8, 2001 are eligible to subscribe to the shares and to retain access to the trading facilities of the PSE;
- b. Each member shall subscribe to 50,000 shares at a par value of ₱1.0;
- c. The balance of the members' contribution amounting to ₱277.4 million shall be treated as additional paid-in capital;
- d. Separation of ownership of the PSE from access to trading;
- e. Issuance of certificate of trading rights;
- f. Policy of imposing a moratorium on the issuance of new trading rights; and
- g. Transferability of trading rights.

The PSE, however, did not issue shares of stock for the value of its donated assets. The donated assets consisting of two pieces of real property located in Makati City, where its trading floors are located, are subject to restrictions on their transferability.

As a result of the conversion plan and on the basis of the relative fair values of the PSE shares and the exchange trading right as of the time of the demutualization, the Company's membership in the PSE, originally amounting to ₱2.00 million, has been bifurcated into (a) investment in PSE shares and (b) exchange trading right.

As at December 31, 2025 and 2024, the carrying amount of the exchange trading right is ₱4.00 million.

As of December 31, 2025, the latest transacted price of the exchange trading right (as provided by the PSE) amounted to ₱7.70 million.

12. Property and Equipment

The composition of and movements in property and equipment are as follows:

	2025			
	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Construction in Progress	Total
Cost				
Balances at beginning of year	₱27,928,024	₱14,161,180	₱-	₱42,089,204
Additions	93,903	-	-	93,903
Balances at end of year	28,021,927	14,161,180	-	42,183,107
Accumulated Depreciation				
Balances at beginning of year	25,000,880	14,108,001	-	39,108,881
Depreciation	1,340,968	53,179	-	1,394,147
Balances at end of year	26,341,848	14,161,180	-	40,503,028
Net Book Values	₱1,680,079	₱-	₱-	₱1,680,079



	2024			
	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Construction in Progress	Total
Cost				
Balances at beginning of year	₱27,648,022	₱14,161,180	₱-	₱41,809,202
Additions	280,002	-	-	280,002
Balances at end of year	27,928,024	14,161,180	-	42,089,204
Accumulated Depreciation				
Balances at beginning of year	23,138,657	13,613,644	-	36,752,301
Depreciation	1,862,223	494,357	-	2,356,580
Balances at end of year	25,000,880	14,108,001	-	39,108,881
	₱2,927,144	₱53,179	₱-	₱2,980,323

As of December 31, 2025, and 2024, the Company has fully depreciated property and equipment that are still in use with original cost amounting to ₱16.5 million and ₱11.8 million, respectively.

13. Investment Property

This account pertains to an office space in PSE New Site at One Bonifacio High Street which is being held for capital appreciation.

Movements in the account are as follows:

	2025	2024
Cost		
Balance at beginning and end of year	₱14,769,960	₱14,769,960
Accumulated depreciation		
At beginning of year	2,342,744	1,750,972
Depreciation	591,773	591,772
At end of year	2,934,517	2,342,744
Net book value	₱11,835,443	₱12,427,216

Direct operating expense pertains only to depreciation expense.

14. Other Assets

Other Current Assets

This account consists of:

	2025	2024
Prepayments	₱2,870,701	₱-

Other Noncurrent Assets

This account consists of:

	2025	2024
Creditable withholding tax	₱115,495,921	₱100,983,319
Refundable CTGF contributions	54,882,891	₱52,839,910
Refundable deposit	14,961	9,961
	₱170,393,773	₱153,833,190



Creditable withholding tax pertains to excess tax credits and taxes withheld by its customers. This also includes the Company's claims for refund filed with either the Bureau of Internal Revenue (BIR) or the Court of Tax Appeals (CTA), pending resolution as of to date.

The Company, as a clearing member, is required to pay monthly contributions to the CTGF maintained by the Securities Clearing Corporation of the Philippines (SCCP) for an amount of 1/500 of 1% applied to the clearing member's total monthly turnover value less block sales and cross transactions of the same flag. On March 13, 2018, the SEC approved amendments to SCCP Rule 5.2, allowing clearing members' CTGF contributions to be refunded when they cease operations or terminate membership, provided all liabilities, whether actual or contingent, to SCCP have been fully settled.

15. Trade Payables

This account consists mainly of payable to customers for sale transactions that are expected to be settled within 2 trading days after the reporting date in 2025 and 2024. Sale transactions for the last 2 trading days of December 2025 and 2024, included in the payable to customers as of December 31, 2025 and 2024, were paid in January 2026 and 2025, respectively.

Details of this account are as follows:

	2025	2024
Payable to customers	₱572,745,237	₱383,715,808
Payable to clearing house	317,179,426	18,351,221
Dividends payable to customers	1,023,488	6,186,049
	₱890,948,151	₱408,253,078

Payable to customers includes:

	2025		
	Money Balance	Security Valuation	
		Long	Short
With money balance	₱572,745,237	₱5,980,966,602	₱401,127,243
Without money balance	-	16,651,017,621	-
	₱572,745,237	₱22,631,984,223	₱401,127,243

	2024		
	Money Balance	Security Valuation	
		Long	Short
With money balance	₱383,715,808	₱6,944,125,206	₱290,645,929
Without money balance	-	17,786,269,893	-
	₱383,715,808	₱24,730,395,099	₱290,645,929



16. Other Current Liabilities

This account consists of:

	2025	2024
Accrued management bonus	₱10,857,814	₱27,353,917
Due to BIR	10,025,886	18,234,665
Accrued expenses	9,787,735	10,937,366
Miscellaneous payable	7,687,150	7,589,911
	₱38,358,585	₱64,115,859

Due to BIR consists of withholding taxes payable, value-added tax payable, and stock transaction tax payable.

Accrued expenses include accrual of fees for Philippine Depository and Trust Corporation, SCCP and PSE research and service fees.

17. Equity

Capital Stock

The authorized capital stock of the Company is ₱250,000,000, divided into 2,500,000 shares with par value of ₱100. As of December 31, 2025 and 2024, the Company has 1,000,000 shares issued and outstanding, with total par value of ₱100,000,000.

Retained Earnings

In 2025 and 2024, the stockholders and the BOD of the Company approved and authorized the declaration of cash dividends amounting to ₱37.20 million (₱37.20 per share) and ₱69.60 million (₱69.60 per share), respectively.

Capital Management

The primary objectives of the Company's capital management are to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value, and to ensure compliance with externally imposed capital requirements.

The Company's compliance with the 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, revisions in the terms and conditions for registration and subsequent renewal of license applicable to both exchange trading participants and non-exchange broker dealers as follows: (a) to allow a net capital of ₱2.50 million or 2.5% of Aggregate Indebtedness (AI), whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities, (b) to allow the SEC to set a different net capital requirement for those authorized to use the RBCA model, and (c) to require unimpaired paid-up capital of ₱100.00 million for broker dealers, which are either first time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; ₱10.00 million plus a surety bond for existing broker dealers not engaged in market making transactions; and ₱2.50 million for broker dealers dealing only in proprietary shares and not holding securities.



RBCA ratio of a broker dealer, computed by dividing the NLC by the Total Risk Capital Requirement (TRCR), should not be less than 110.00%. NLC and TRCR are computed based on the existing SRC. NLC consists of total equity less allowance for credit losses, subordinated liabilities, deferred tax assets, revaluation reserves, deposits for future stock subscription, minority interest, if any, contingencies and guarantees, and the total ineligible assets. Also, the AI of every stockbroker should not exceed two thousand percent (2,000%) of its NLC and at all times shall have and maintain NLC of at least ₱5.00 million or five percent (5%) of the AI, whichever is higher.

Further, based on SEC Memorandum Circular No.16 dated November 11, 2004, starting December 1, 2005, every broker dealer is expected to comply with all the requirements of the 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.

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

On May 28, 2009, the SEC approved the PSE's Rules Governing Trading Rights and Trading Participants, which supersede the Membership Rules of the PSE. Section 8(c) of Article III of the said rules requires trading participants to have a minimum unimpaired paid-up capital, as defined by the SEC, of ₱30.00 million effective December 31, 2010 and onwards. As of December 31, 2025 and 2024, the Company is in compliance with this capital requirement.

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

The RBCA ratio of the Company as of December 31, 2025 and 2024 are shown in the table below.

	2025	2024
Equity eligible for net liquid capital	₱374,842,831	₱402,362,778
Less: Ineligible assets	232,340,755	234,409,809
NLC	142,502,076	167,952,969
Operational risk	90,741,861	75,475,779
Position risk	2,266,566	4,776,106
TRCR	₱93,008,427	₱80,251,885
AI	₱641,400,603	₱501,930,707
5% of AI	32,070,030	25,096,535
Required net liquid capital	32,070,030	25,096,535
Net risk-based capital excess	110,432,045	142,856,434
Ratio of AI to net liquid capital	450%	299%
RBCA ratio	153%	209%



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

Position risk requirement

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

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.

Large exposure risk (LER) requirements

These amounts are necessary to accommodate a given level of the broker dealer LER which is in excess of the LER limit. LER limit is the maximum permissible large exposure and calculated as percentage of core equity.

Aggregate indebtedness (AI)

This is the total money liabilities of a broker dealer arising in connection with any transaction whatsoever, and includes, among other things, money borrowed, money payable against securities loaned and securities failed to receive, the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers and margin securities borrowed from non-customers), customers' and non-customers' free credit balances, and credit balances in customers' and non-customers' account having short positions in securities, but subject to certain exclusions as mentioned in the SEC Memorandum Circular No. 16-Series of 2004.

In addition, SRC Rule 49.1 (B), *Reserve Fund*, of such Circular requires that every broker dealer shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to Appropriated Retained Earnings. Minimum appropriation shall be 30.0%, 20.0% and 10.0% of profit after tax for broker dealers with unimpaired paid up capital between ₱10.00 million to ₱30.00 million, between ₱30.00 million to ₱50.00 million and more than ₱50.00 million, respectively.

In 2025 and 2024, the BOD approved the appropriation of retained earnings amounting to ₱0.70 million and ₱1.91 million, respectively, in compliance with such requirement.

On February 22, 2024, the Company requested for reconsideration and specific relief regarding the transfer of ₱150.00 million appropriated retained earnings to unappropriated retained earnings. The request was approved by the Securities and Exchange Commission (SEC) on February 29, 2024.

The Company's regulated operations have complied with all externally imposed capital requirements throughout the period.



18. Revenue

The composition of the Company's revenue is as follows:

	2025	2024
Revenue from contracts with customers		
Local institutional clients	₱105,896,554	₱129,715,127
Foreign institutional clients	63,656,129	158,330,931
Commissions	₱169,552,683	₱288,046,058

Disaggregation of the Company's commission revenues based on primary geographical market shows 63% and 45% were generated from local institutional clients in 2025 and 2024 respectively. While 37% and 55% were trades of foreign institutional clients mainly through Jefferies International Limited in 2025 and 2024, respectively.

19. Salaries and Benefits

This account primarily represents salaries and benefits of the Company's sales and marketing personnel, which are presented in "Cost of services".

Details are as follows:

	2025	2024
Salaries and wages	₱54,070,042	₱48,162,799
13th month and compensation-related benefits	15,000,000	36,000,000
Employee retirement cost (Note 21)	4,958,153	2,932,337
Employees' welfare	2,064,057	1,968,375
Government contributions	1,764,040	1,602,445
	₱77,856,292	₱90,665,956

20. Administrative Expenses

This account consists of:

	2025	2024
Salaries and wages	₱7,290,853	₱7,405,146
Repairs and maintenance	7,727,147	6,784,279
Utilities	5,380,636	5,262,043
Professional fees	4,223,757	1,563,953
Transportation and travels	3,229,086	4,756,846
Postage, telephone and communications	3,648,602	4,114,272
Insurance	3,156,354	3,087,186
Taxes and licenses	2,398,627	1,008,473
Meetings and conferences	1,403,263	2,913,790
Entertainment, amusement and recreations	1,369,766	2,609,864
Advertising and promotions	444,923	1,189,992
Bank charges	923,835	482,106
Office supplies	291,603	429,288
Subscriptions and periodicals	137,411	65,987
Others	1,238,833	2,113,619
	₱42,864,696	₱43,786,844



21. Retirement Plan

The Company has a noncontributory and funded defined benefit retirement plan covering substantially all its officers and regular employees. The retirement plan is managed by BDO Trust and Investment Group. Under this retirement plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The latest actuarial valuation study of the retirement plan was made on December 31, 2025.

The principal actuarial assumptions used to determine retirement benefits as of December 31, 2025 and 2024 are shown below:

	2025	2024
Discount rate	6.26%	6.10%
Salary increase rate	4.00%	5.00%

The amounts recognized in the statements of financial condition are as follows:

	2025	2024
Fair value of plan assets	₱63,676,912	₱53,536,918
Present value of defined benefit obligation	72,209,177	65,873,158
Net retirement asset	(₱8,532,265)	(₱12,336,240)

The movements in the fair value of plan assets follow:

Balance at beginning of year	₱53,536,918	₱65,766,632
Interest income	3,522,840	3,765,372
Return on plan assets (excluding amount included in interest cost)	(34,349)	(558,834)
Actual contributions	8,429,115	3,850,000
Benefits paid	(1,777,612)	(19,286,252)
Balance at end of year	₱63,676,912	₱53,536,918

The movements in the present value of defined benefit obligation follow:

	2025	2024
Balance at beginning of year	₱65,873,158	₱54,306,176
Current service cost	4,462,730	3,626,841
Interest cost	4,018,263	3,070,868
Remeasurement losses (gains) arising from:		
Experience adjustments	5,288,453	15,860,589
Changes in financial assumptions	(5,655,815)	8,294,936
Benefits paid	(1,777,612)	(19,286,252)
Balance at end of year	₱72,209,177	₱65,873,158



The amounts included in ‘Salaries and benefits’ under ‘Cost of service’ in the statements of income are as follows:

	2025	2024
Current service cost	₱4,462,730	₱3,626,841
Net interest cost (income)	495,423	(694,504)
	₱4,958,153	₱2,932,337

The cumulative remeasurement gains (losses) recognized in the statements of comprehensive income are as follows:

	2025	2024
Balance at beginning of year	(₱25,241,066)	(₱6,705,297)
Remeasurement gains (losses) during the year	333,013	(24,714,359)
Income tax effect	(3,758,783)	6,178,590
	(3,425,770)	(18,535,769)
Balance at end of year	(₱28,666,836)	(₱25,241,066)

The major categories of the fair value of total plan assets are as follows:

	2025	2024
Cash and cash equivalents	₱902,304	₱248,461
Investment securities	63,732,410	52,615,775
Accrued interest receivable	914,805	773,887
Benefits payable*	(1,777,613)	-
Trust fee payable	(94,994)	(101,205)
	₱63,676,912	₱53,536,918

*This represents the fund’s payable to the Company representing the retirement benefits advanced by the Company to its retired employees in 2025 and reimbursable from the fund.

As of December 31, 2025, and 2024, the plan assets of the Company approximate their fair values.

The investment securities consist of the following:

	2025	2024
Government securities	99.54%	98.48%
Investment in unitized investment trust funds (UITF)	0.46%	1.52%
	100.0%	100.0%

Investment in UITF consists of diversified portfolio of highly liquid government securities and deposits with banks.

The plan assets consist of diverse investments and are not exposed to any concentrations risk.



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	2025	
	+1.00%	-1.00%
Discount rate	(₱4,028,643)	₱4,519,401
Future salary growth	4,909,204	(4,438,760)
	2024	
	+1.00%	-1.00%
Discount rate	(₱4,107,536)	₱4,656,313
Future salary growth	4,961,286	(4,444,063)

The average duration of the defined benefit obligation at the end of the reporting period is 8.14 years and 6.92 years as of December 31, 2025 and 2024, respectively.

Show below is the maturity profile of the undiscounted benefits payments for 2025 and 2024.

	2025	2024
Less than one year	₱12,300,962	₱9,628,715
One to less than five years	40,866,679	26,382,386
Five to less than 10 years	42,562,768	51,676,353
10 to less than 15 years	27,837,973	12,394,772
15 to less than 20 years	28,062,919	45,166,711
20 years and above	50,284,279	65,519,520

22. Income Taxes

Provision for income tax consists of:

	2025	2024
Current:		
RCIT	₱-	₱1,660,348
MCIT	1,129,188	
Final withholding tax	1,866,357	2,226,002
	2,995,545	3,886,350
Deferred	2,528,789	1,581,712
	₱5,524,334	₱5,468,062

In 2025 and 2024, deferred tax on remeasurements of retirement liability credited (charged) to other comprehensive income amounted to (₱3.43 million) and ₱6.18 million, respectively.



The components of the Company's net deferred tax assets are as follows:

	2025	2024
Deferred tax asset on:		
Unamortized past service cost	₱1,542,464	₱1,352,995
Lease liability	2,808,325	298,624
Retirement cost	–	5,166,733
	₱4,350,789	6,818,352
Deferred tax liabilities on:		
Right of use asset	2,776,740	–
Retirement cost	1,542,464	–
Unrealized foreign exchange gain	170,649	548,503
Unrealized gain on financial assets at FVTPL	1,044	122,385
	4,490,897	670,888
	(₱140,108)	₱6,147,464

The components of the Company's unrecognized deferred tax assets as at December 31, 2025 and 2024, respectively, are as follows:

	2025	2024
Retirement cost in other comprehensive income	₱3,675,530	–
Excess MCIT over RCIT	285,418	–
	₱3,960,948	₱–

The balance of excess MCIT over RCIT with the corresponding year of expiration is as follows:

Year Inception	Availment period	Amount	Excess MCIT over RCIT Applied Previous Year/s	Excess MCIT over RCIT Expired	Excess MCIT over RCIT Applied Current Year	Excess MCIT over RCIT unapplied	Expiry Year
2025	2026-2028	₱285,418	₱–	₱–	₱–	₱285,418	2028

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

	2025	2024
Statutory income tax	₱3,120,673	₱6,150,544
Tax effect of:		
Tax paid income and other nontaxable income	(715,945)	(673,686)
Nondeductible expenses and others	389,036	(8,796)
Movement in unrecognized deferred tax assets and others	2,730,570	–
	₱5,524,334	₱5,468,062

23. Leases

The Company leases the office premises it occupies, together with one VIP parking slot and five regular parking slots, under a lease contract with Ayala Land, Inc. Effective April 1, 2024, the Company renewed the lease on March 11, 2024 for a three-year term ending on March 31, 2027.



The Company applied a single recognition and measurement approach for all leases.

Below are the carrying amount of lease liabilities and the movements for the period:

	2025	2024
At beginning of year	₱20,180,266	₱2,441,329
Addition	–	26,214,339
Accretion of interest	770,673	1,274,622
Payments	(9,717,600)	(9,750,064)
At end of year	₱11,233,339	₱20,180,226
Current	₱9,357,583	₱8,569,321
Non-current	1,875,716	11,610,905
	₱11,233,299	₱20,180,226

Set out below is the Company's right-of-use assets and the movements during the period:

	2025	2024
Beginning balance	₱19,660,755	₱2,111,017
Addition	–	26,214,340
Depreciation expense	(8,553,794)	(8,664,602)
Ending balance	₱11,106,961	₱19,660,755

The following are the amounts recognized in the statement of income:

	2025	2024
Depreciation expense of right-of-use assets	₱8,553,794	₱8,664,602
Interest expense on lease liabilities	770,673	1,274,622
	₱9,324,467	₱9,939,224

Future minimum lease payable is as follows:

	2025	2024
Within one (1) year	₱9,756,345	₱9,717,600
After one (1) year but not more than five (5) years	2,449,257	12,205,602
	₱12,205,602	₱21,923,202

24. Related Party Transactions

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

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members;
- subsidiaries, joint ventures and associates and their respective subsidiaries; and
- post-employment benefit plans for the benefit of the Company's employees.



In the ordinary course of business, the Company has transactions with its affiliates which consist mainly of non-interest-bearing advances and normal securities and banking transactions. In addition, the Company has normal securities transactions with its officers and employees. These are made on substantially the same terms as transactions entered into with other individuals and businesses of comparable risks. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

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

All related party transactions are being settled in cash.

The following are the Company's related party transactions:

- a. The receivable from a related party represents the taxes paid by the Company on behalf of Pacific Main Properties & Holdings in 2025 and 2024. The receivable is non-interest bearing, collectible on demand, and is not impaired.
- b. As of December 31, 2025 and 2024, the Company also has noninterest-bearing advances to its officers and employees amounting to ₱670,638 and ₱697,100 with terms ranging from six months to one year, which are included under 'Other receivables' (Note 10). The amounts outstanding are not impaired.

25. Events After the Reporting Period

Declaration of dividends

On April 21, 2026, the stockholders and the BOD of the Company approved the declaration of cash dividends amounting to ₱6.20 million or ₱6.20 per share to stockholders of record as of December 31, 2025 payable in May 2026.

26. Report on the Supplementary Information Required Under Revenue Regulations (RR) 15-2010

In compliance with RR 15-2010, the Company presents information on taxes, duties and license fees paid or accrued during the taxable year.

The Company, being a VAT-registered entity, reported and/or paid the following types of taxes for the taxable year ended December 31, 2025:

Value Added Tax (VAT)

The NIRC of 1997 also provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT.



Details of the Company's net sales/receipts and output VAT and purchases of goods/services and input VAT accounts are as follows:

a. Net Sales and Output VAT declared in the Company's VAT returns filed for the period:

	Net Sales/ Receipts	Output VAT
Taxable Sales:		
Vatable Sales	₱169,960,423	₱20,395,251
Zero-Rated Sales	28,214,883	-
	₱198,175,306	₱20,395,251
Less: Input VAT and other credits claimed		(10,609,741)
VAT Remittance		₱9,785,510

Purchases of Goods/Services and Input VAT

Balance at January 1	₱-
Input tax on capital goods exceeding ₱1 million from previous period	-
Current year's domestic purchases/payments for:	
Purchase on capital goods exceeding ₱1 million	-
Domestic purchase of services	7,763,539
Services rendered by non-residents	2,635,278
Domestic purchase of goods other than capital goods	7,650
Creditable VAT withheld	203,274
Total	10,609,741
Less deferred input tax for capital goods purchases exceeding ₱1 million	-
Balance available to be applied against output VAT	10,609,741
Less: Input VAT claimed as deduction against output VAT	-
Balance at December 31	₱-

Other Taxes and Licenses

In 2025, taxes and licenses of the Company included in 'Administrative expenses' under 'Operating expense' in the statement of income follow:

Mayor's permit	₱677,294
SEC fees	59,965
Others	1,661,368
	₱2,398,627



Withholding Taxes

Breakdown of taxes withheld and remitted in 2025:

	Total Remittances	Balance as of December 31, 2025
Percentage tax	₱278,948,080	₱719,350
Withholding taxes on compensation and benefits	24,488,861	6,202,427
Final withholding taxes	3,548,389	226,245
Expanded withholding taxes	1,623,463	234,910
Other percentage tax	2,614,752	120,528
	₱311,223,545	₱7,503,460

Tax Assessments and Cases

The Company has no tax assessments as of December 31, 2025.

