

PAPA SECURITIES CORPORATION

AUDITED FINANCIAL STATEMENTS

*December 31, 2025 and 2024
with Report of Independent Auditors*

**PAPA SECURITIES CORPORATION
ANNUAL AUDITED FINANCIAL REPORT
TABLE OF CONTENTS
DECEMBER 31, 2025**

Cover Page.....	1
Statement of Management's Responsibility for Financial Statements.....	2
Independent Auditors' Report.....	3-5
Statements of Financial Position.....	6
Statements of Profit or Loss and Other Comprehensive Income.....	7
Statements of Changes in Shareholder's Equity.....	8
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10-68
Statement of Changes in Liabilities Subordinated to Claims of General Creditors (Schedule I).....	69
Computation of Risk-Based Capital Adequacy Ratio (Schedule II).....	70
Information Relating to the Possession or Control Requirements under Annex F of SRC Rule 49.2-1 (Schedule III).....	71
Computation for Determination of Reserve Requirements under Annex G of SRC Rule 49.2 (Schedule IV).....	72
A Report Describing Any Material Inadequacies Found to Exist or Found to have Existed Since the Date of The Previous Audit (Schedule V)	73
Results of Quarterly Securities Count Conducted pursuant to SRC Rule 52.1-10 as of the Date of the Statements of Financial Condition in the Annual Audited Financial Report (Schedule VI)	74
Stock Position Report (Schedule VII).....	75-85
Schedule Showing Financial Soundness Indicators (Schedule VIII).....	86
Auditors' Report on Total Number of Stockholders Owning One Hundred Shares (100) or More Shares Each	87
Auditors' Report on Schedule of Retained Earnings Available for Dividend Declaration.....	88-89

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
Pasay City, Philippines

ANNUAL AUDITED FINANCIAL REPORT

Information required of Brokers and Dealers Pursuant to Section 52.1-5 of the Revised Securities Regulation Code.

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

IDENTIFICATION OF BROKER OR DEALER

<i>Name of Broker:</i>	<u>Papa Securities Corporation</u>		
<i>Address of Principal Place of Business:</i>	<u>6th Floor S & L Bldg., De la Rosa corner</u> <u>Esteban St., Legaspi Village, Makati City</u>		
<i>Name and Phone Number of Person to Contact in Regard to this Report</i>			
<i>Name:</i>	<u>Mr. Ronulfo Lomosco Jr.</u>	<i>Tel. No.</i>	<u>8817-8479</u>
		<i>Fax No.</i>	<u>8815-1308</u>

IDENTIFICATION OF ACCOUNTANT

<i>Name of Independent Certified Public Accountant whose opinion in contained in this report:</i>			
<i>Name:</i>	<u>M.A. MERCADO & CO., CPAs</u>	<i>Tel No.</i>	<u>8894 - 5783</u>
		<i>Fax No.</i>	<u>+63 (2) 8894-4793</u>
<i>Address:</i>	<u>Suite 2109 Cityland 10 Tower 1</u> <u>156 H.V. Dela Costa St., Salcedo Village, Makati City</u>		
<i>Certificate Number</i>	<u>66885</u>		
<i>PTR Number</i>	<u>10783363</u>	<i>Date Issued</i>	<u>January 19, 2026</u>

**STATEMENT OF MANAGEMENT RESPONSIBILITY
OVER FINANCIAL STATEMENTS**

The management of **PAPA Securities Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the year ended December 31, 2025 and 2024 in accordance with the prescribed financial reporting framework indicated therein, 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.

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

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

M. A. Mercado & Co. CPAs, the independent auditors' appointed by the Board of Directors for the period December 31, 2025 and 2024 have audited the financial statements of **PAPA Securities Corporation** in accordance with Philippine Standards on Auditing and in its report to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such audit.

Signature:
Chairman:



MYRON TIMOTHY P. PAPA

Signature:
President:



MYRON TIMOTHY P. PAPA

Signature:
Treasurer:



MARIE BELEN DIÑO

Signed this 7th of April, 2026.



MAM & Co.

M. A. MERCADO & Co.
Certified Public Accountants
2109 Cityland 10 Tower 1
156 H.V. Dela Costa Street Cor.
6815 Ayala Avenue North
1226 Makati City, Philippines

Phone: +63 (2) 8894-5783
+63 (2) 8893-1509
Fax: +63 (2) 8894-4793
E-mail: mercado_cpa@yahoo.com
Website: mamercado.com

INDEPENDENT AUDITORS' REPORT

The Shareholders and Board of Directors
PAPA SECURITIES CORPORATION
6F S & L Bldg. Dela Rosa St. cor. Esteban St.
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Papa Securities Corporation** (the Company), which comprise the statement of financial position as at December 31, 2025, and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year 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 its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Prior Year Qualified Opinion

We draw attention to Note 34 to the financial statements, which describes that the financial statements of the Company for the year ended December 31, 2024 were audited by us, and we expressed a qualified opinion on those financial statements due to the Company's presentation of the gain on sale of financial assets at fair value through other comprehensive income (FVOCI) in profit or loss instead of directly in equity, as required by PFRSs.

Our opinion on the current year's financial statements is not modified in respect of this matter.



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

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

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

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



MAM & Co.

Assurance • Tax Advisory • Business Process

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, III, IV, V and VI is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but supplementary information required by Rule 52.1-5 of the Revised Securities Regulation Code. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under Revenue Regulation 15-2010 in Note 36 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of the management of **PAPA Securities Corporation** and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

M. A. MERCADO & CO., CPAs



MARCELINO A. MERCADO

Partner

CPA License No. 066885

Tax Identification No. 102-921-222

P.T.R. No. 10783363; Issued on January 19, 2026, Makati City

BOA Accreditation No. 5658 / P-001

Issued on December 19, 2023; Valid until November 20, 2026

SEC Accreditation No. 66885-SEC (Group B)

Issued on January 25, 2022;

Valid until 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-006173-001-2025

Issued on March 12, 2025; Valid until March 11, 2028

IC Accreditation No. 2025-0070-R (Group A)

Valid from audit years 2025 to 2027

Firm's BOA/PRC Cert. of Reg. No. 5658

Issued on December 19, 2023; Valid until November 20, 2026

Firm's SEC Accreditation No. 5658-SEC (Group B)

Issued on January 25, 2022;

Valid until 2025 financial statements of SEC covered institutions

Firm's BIR Accreditation No. 08-006173-000-2024

Issued on March 5, 2024; Valid until March 4, 2027

April 7, 2026

PAPA SECURITIES CORPORATION
STATEMENTS OF FINANCIAL POSITION

	Notes	Years Ended December 31		Market Value of Securities			
		2025	2024	2025		2024	
				Long	Short	Long	Short
ASSETS							
Current Assets							
Cash	2,3,4,31,32	₱ 225,610,832	₱ 230,509,696				
Financial assets at fair value through profit or loss (FVPL)	2,3,5,31,32	4,000,000	3,960,000	₱ 4,000,000		₱ 3,960,000	
Trade receivables							
Customers	2,3,6,31,32	137,394,679	28,792,906	894,682,413		245,603,056	
Clearing house	2,3,7,31,32	28,176,033	44,345,303				
Other receivables	2,3,8,31,32	27,436,739	30,927,167				
Prepayments	2,9	134,020,691	122,120,041				
		556,638,974	460,655,113				
Non-current Assets							
Financial assets at FVOCI	2,3,10,31,32	16,222,492	12,952,720	16,222,492		12,952,720	
Property and equipment- net	2,3,11	3,203,815	4,399,073				
Trading rights	2,3,12	7,700,000	8,000,000				
Other non-current assets	2,13,31,32	332,556	332,556				
		27,458,863	25,684,349				
		₱ 584,097,837	₱ 486,339,462				
Securities in Philippine Central Depository, Inc.					48,572,306,911		56,138,508,830
Securities in box					2,005,242		39,238,287
Securities in transfer office					575,534,583		19,745,608,043
Securities position of customers without money balance				33,955,194,951		56,109,382,099	

PAPA SECURITIES CORPORATION
STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	Years Ended December 31		Market Value of Securities			
		2025	2024	2025		2024	
				Long	Short	Long	Short
LIABILITIES AND EQUITY							
Liabilities							
Current liabilities							
Trade payables							
Customers	2,3,14,31,32	₱ 285,795,763	₱ 172,432,538	₱ 14,279,746,880		₱ 19,551,457,285	
Other brokers	2,3,15,31,32	23,857,454	3,501,938				
Other current liabilities	2,16	7,309,225	4,779,521				
		316,962,442	180,713,997				
Non-current liabilities							
Defined benefit obligation	25,29	2,108,675	4,174,756				
Deferred tax liabilities-net	2,17	5,174,031	3,450,870				
		7,282,706	7,625,626				
Equity							
Share capital	2,18	139,706,100	139,706,100				
Treasury shares	2,18	(34,146,197)	(34,146,197)				
Retained earnings	2,19						
Unappropriated		96,224,843	140,528,074				
Appropriated		39,509,475	38,948,678				
Net unrealized gain on financial assets at F	2,10,17	11,944,738	9,492,409				
Remeasurement gain (loss) on post employ	17,29	1,446,230	(1,921,725)				
Net revaluation surplus	12, 17,20	5,167,500	5,392,500				
		259,852,689	297,999,839				
		₱ 584,097,837	₱ 486,339,462	₱ 49,149,846,736	₱ 49,149,846,736	₱ 75,923,355,160	₱ 75,923,355,160

See Accompanying Notes to Financial Statements.

PAPA SECURITIES CORPORATION
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Years Ended December 31	
	Notes	2025	2024
REVENUES	2,21	₱ 125,739,286	₱ 162,851,846
COST OF SERVICES	2,22	(77,604,586)	(105,661,262)
GROSS PROFIT		48,134,700	57,190,584
OPERATING EXPENSES	2,23	(42,704,679)	(58,032,053)
PROFIT (LOSS) FROM OPERATIONS		5,430,021	(841,469)
FINANCE INCOME	2,24		
Interest		2,327,155	2,515,928
Foreign exchange gain		280,027	469,698
		2,607,182	2,985,626
PROFIT BEFORE INCOME TAX		8,037,203	2,144,157
INCOME TAX EXPENSE	2,28		
Current		2,571,163	503,110
Deferred		(141,934)	(590,816)
		2,429,229	(87,706)
NET PROFIT FOR THE YEAR		5,607,974	2,231,863
OTHER COMPREHENSIVE GAIN (LOSS)			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Revaluation surplus	2,20	(300,000)	-
Income tax effect	17	75,000	-
		(225,000)	-
Remeasurement gain on post employment benefits	2,29	4,490,607	1,792,875
Income tax effect	17	(1,122,652)	(448,219)
		3,367,955	1,344,656
Unrealized (loss) gain on financial asset at FVOCI	2,10	3,269,772	(14,359,078)
Income tax effect	17	(817,443)	3,589,770
		2,452,329	(10,769,308)
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME		5,595,284	(9,424,652)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		₱ 11,203,258	₱ (7,192,789)
EARNINGS PER SHARE	2,26		
Basic		₱ 0.40	₱ 0.16

See Accompanying Notes to Financial Statements.

PAPA SECURITIES CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31, 2025 and 2024								
	Share Capital	Treasury Shares	Retained Earnings Unappropriated	Retained Earnings Appropriated	Unrealized gain(loss) on Financial Asset at FVOCI	Remeasurement Gain (Loss) on Post Employment Benefits	Revaluation Surplus	TOTAL	
	(Notes 18)	(Notes 18)	(Notes 19)	(Notes 19)	(Notes 10,17)	(Notes 17,29)	(Notes 12,17,20)		
Balances at January 1, 2025	₱ 139,706,100	₱ (34,146,197)	₱ 140,528,074	₱ 38,948,678	₱ 9,492,409	₱ (1,921,725)	₱ 5,392,500	₱ 297,999,839	
Net profit for the year	-	-	5,607,974	-	-	-	-	5,607,974	
Other comprehensive (loss) income	-	-	-	-	2,452,329	3,367,955	(225,000)	5,595,284	
Appropriation for reserve fund	-	-	(560,797)	560,797	-	-	-	-	
Dividend declaration	-	-	(49,350,408)	-	-	-	-	(49,350,408)	
Balances at December 31, 2025	₱ 139,706,100	₱ (34,146,197)	₱ 96,224,843	₱ 39,509,475	₱ 11,944,738	₱ 1,446,230	₱ 5,167,500	₱ 259,852,689	
Balances at January 1, 2024	₱ 139,706,100	₱ (34,146,197)	₱ 138,519,398	₱ 38,725,491	₱ 20,261,717	₱ (3,266,381)	₱ 5,392,500	₱ 305,192,628	
Net profit for the year	-	-	2,231,863	-	-	-	-	2,231,863	
Other comprehensive income	-	-	-	-	(10,769,308)	1,344,656	-	(9,424,652)	
Appropriation for reserve fund	-	-	(223,187)	223,187	-	-	-	-	
Balances at December 31, 2024	₱ 139,706,100	₱ (34,146,197)	₱ 140,528,074	₱ 38,948,678	₱ 9,492,409	₱ (1,921,725)	₱ 5,392,500	₱ 297,999,839	

See Accompanying Notes to Financial Statements.

PAPA SECURITIES CORPORATION

STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Years Ended December 31	
		2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		₱ 8,037,203	₱ 2,144,157
Adjustments for:			
Depreciation	11,23	1,528,294	1,549,448
Recovery of credit losses	6,21	-	(50,046)
Retirement expense	25,29	2,424,526	2,985,712
Gain on sale of financial assets at FVOCI	21	-	(14,788,002)
Unrealized foreign exchange gain	24	(280,027)	(469,698)
Unrealized gain on financial assets at FVPL	21	(40,000)	(198,000)
Dividend income from financial assets at FVPL	21	(266,573)	(203,797)
Interest income	24	(2,327,155)	(2,515,928)
Operating income (loss) before working capital changes		9,076,268	(11,546,154)
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Financial assets at FVPL	2,3,5,31,32	-	13,592,760
Receivable from customers	2,3,6,31,32	(108,601,773)	48,459,210
Receivable from clearing house	2,3,7,31,32	16,169,270	(44,345,303)
Receivable from other brokers	2,3,8,32,33	-	18,807,580
Other receivables	2,3,8,31,32	3,490,428	(15,192,854)
Prepayments	2,9	(14,008,159)	(7,434,538)
Other non-current assets	2,13,31,32	-	(3,885)
Increase (decrease) in:			
Payable to customers	2,3,14,31,32	113,363,225	(31,886,171)
Payable to clearing house	2,3,7,31,32	-	(5,284,863)
Payable to other brokers	2,3,15,31,32	20,355,516	(6,054,050)
Other current liabilities	2,16	2,529,704	(435,451)
Cash provided by (used in) operations		42,374,479	(41,323,719)
Dividend received from financial assets at FVPL	21	266,573	203,797
Interest received	24	1,863,501	2,012,817
Net cash provided by (used in) operations		44,504,553	(39,107,105)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of financial asset at FVOCI	10,21	-	15,755,134
Acquisitions of property and equipment	2,3,11	(333,036)	(242,319)
Net cash (used in) provided by investing activities		(333,036)	15,512,815
CASH FLOW FROM FINANCING ACTIVITY			
Payments of dividends	2,19	(49,350,408)	-
EFFECT OF EXCHANGE RATE CHANGES IN CASH			
	24	280,027	469,698
NET DECREASE IN CASH		(4,898,864)	(23,124,592)
CASH, JANUARY 1	4	230,509,696	253,634,288
CASH, DECEMBER 31	4	₱ 225,610,832	₱ 230,509,696

See Accompanying Notes to Financial Statements.

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

1. Corporate Information

Papa Securities Corporation (the Company) was incorporated on August 28, 1979 to carry on and maintain the business of stock brokerage and act as dealer of securities, bonds, debentures, commodities, obligations and investment of all kinds and all activities, which are directly or indirectly related.

Its registered office address is located at 6th Floor S & L Building, De la Rosa corner Esteban St., Legaspi Village, Makati City.

The accompanying financial statements of the Company as at and for the year ended December 31, 2025 were authorized for issue by the Board of Directors on April 7, 2026.

2. Material Accounting Policy Information

The more significant accounting policies and practices of the Company are summarized below to facilitate the understanding of data presented in the financial statements.

Basis of Preparation

These financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretation, which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the Securities and Exchange Commission (SEC), including SEC pronouncements.

The financial statements have been prepared under the historical cost basis except for financial assets at FVPL and financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The Company's financial statements are presented in Philippine pesos, which is the functional and presentation currency under PFRS. All values are rounded to the nearest peso except as otherwise indicated.

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

Statement of Compliance

The financial statements of the Company have been prepared in compliance with the PFRS except for the use of closing prices for the valuation of equity securities as required by Revised SRC. PFRS requires the use of exit prices for the valuation of equity securities of the Company.

Fair Value Measurement

The Company measures financial instruments at fair value at each financial position date.

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

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

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic 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 categorised 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 prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

For assets and liabilities that are recognized in the Company's financial statements in 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.

There were no transfers that occurred between level 1, level 2, and level 3 during the years ended December 31, 2025 and 2024.

Changes in Accounting Policies

The following explains the significant accounting policies which have been adopted in the preparation of the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes in accounting policies as explained below.

New and amended standards adopted by the Company

The Company has applied the following applicable new and revised accounting standards except otherwise as stated. The accounting policies adopted are consistent with those of the previous financial year.

- *Amendments to PAS 21, Lack of exchangeability*

On 15 August 2023, the International Accounting Standards Board (IASB) issued Lack of Exchangeability which amended IAS 21 The Effects of Changes in Foreign Exchange Rates (the Amendments). The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

The adoption of this amendment, will not have an impact on the Company's Financial Statements.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- *Amendments to Illustrative Examples on PFRS 7, PFRS 18, Philippine Accounting Standards (PAS) 1, PAS 8, PAS 26 and PAS 37, Disclosures about Uncertainties in the Financial Statement*

The amendments were issued to improve transparency and consistency in financial reporting, especially regarding uncertainties that affect financial statements (such as economic conditions, climate risks, or estimation uncertainties).

Their main objectives are to:

- Help entities explain significant uncertainties and assumptions in their financial statements.
 - Improve comparability and clarity of financial disclosures.
 - Reduce inconsistencies between financial statements and sustainability reports.
 - Provide practical examples of applying disclosure requirements.
-
- *Amendments to IFRS 9 and IFRS 7 Financial Instruments: Disclosures*
In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 Financial Instruments: Disclosures which clarify the derecognition of a financial liability settled through electronic transfer and introduces an accounting policy option to derecognize a financial liability settled through electronic transfer before the settlement date, if specific criteria are met. The amendments additionally clarify the classification of financial assets with environmental, social and corporate governance and similar features and also required additional disclosures for certain financial instruments. The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. The amendments are to be applied retrospectively.

The Company is currently assessing the impact of adopting these amendments.

Annual Improvements to PFRS Accounting Standards-Volume 11

- *Amendments to PFRS 1, Hedge Accounting by a First-time Adopter*

The amendments modified paragraphs B5–B6 of IFRS 1: to improve consistency with the requirements in IFRS 9 ‘Financial Instruments’, and to add cross-references to improve the understandability of IFRS 1.

The Company is currently assessing the impact of adopting these amendments.

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

The amendments modified paragraph B38 of IFRS 7: to replace an obsolete reference to paragraph 27A of IFRS 7 with a reference to paragraphs 72–73 of IFRS 13 ‘Fair Value Measurement’, and to replace the phrase ‘inputs that were not based on observable market data’ with ‘unobservable inputs’ to make the wording consistent with the wording in paragraph 72 of IFRS 13.

The Company is currently assessing the impact of adopting these amendments.

- *Amendments to PFRS 9, Lessee Derecognition of Lease Liabilities and Transaction Price*
The IASB's amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognized at an amount that differs from the transaction price – e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15.

The adoption of this amendment, will not have an impact on the Company's Financial Statements.

- *Amendments to PFRS 10, Determination of a 'De Facto Agent'*
Amends paragraph B74 of IFRS 10 'Consolidated Financial Statements' to use less conclusive language and to clarify that the relationship described in paragraph B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. The amendments have no impact on Company.

- *Amendments to PAS 7, Cost Method*
Amends paragraph 37 of IAS 7 to replace the term 'cost method' with 'at cost'.
The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. The Company is currently assessing the impact of adopting these amendments.

Effective beginning on or after January 1, 2027

- *PFRS 17, Insurance Contracts*
IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023.

Through IC Circular Letter (CL) No. 2020-62, the adoption of PFRS 17 was deferred from January 1, 2023 to January 2025.

IC then issues IC Circular Letter No. 2025-04 further extending the adoption of PFRS 17. All companies shall adopt PFRS 17 in their AFS for submission to the SEC effective January 1, 2027. However, companies are allowed to adopt PFRS 17 in their AFS beginning January 1, 2025.

The adoption of this amendment, will not have an impact on the Company's Financial Statements.

▪ *IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18")*

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, disclosure of management defined performance measures, and principles for aggregation and disaggregation of financial information in the financial statements and the notes. IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18 is to be applied retrospectively.

The Company is currently assessing the impact of adopting these amendments.

▪ *PFRS 19, Subsidiaries without Public Accountability*

IFRS 19 specifies reduced disclosure requirements that an eligible entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

IFRS 19 was issued in May 2024 and applies to an annual reporting period beginning on or after 1 January 2027. The amendments will not have an impact on the Company's financial statements.

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

The amendments to PAS 21 clarify the method for translating financial statements into a hyperinflationary presentation currency. They require entities to translate all financial statement amounts using the closing exchange rate, improving consistency, comparability, and transparency in financial reporting.

The amendments will not have an impact on the Company's financial statements.

Deferred effectivity

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

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

The amendments are not applicable and will have no impact on the Company since the Company is not an investment entity or does it have an investment entity associate.

Cash

Cash includes cash on hand and in banks. Cash in bank is stated at face amount and earns interest at the prevailing bank deposit rates.

Financial Instruments

Date of Recognition

The Company recognizes a financial asset or financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” difference

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Classification

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

Financial Assets and Liabilities at FVPL

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

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

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

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

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

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

Financial assets at amortized cost

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

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

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

As at December 31, 2025 and 2024, the Company's cash, receivables from customers and receivables from clearing house are included under this category (see Notes 4, 6, 7).

Financial assets at fair value through other comprehensive income (debt instruments)

The Company measures financial assets through other comprehensive income if both of the following conditions are met:

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

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2025 and 2024, the Company designated its quoted investments in equity securities carried at fair value as financial assets at FVOCI as disclosed in Note 10.

Financial Liabilities at Amortized Cost

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

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

As at December 31, 2025 and 2024, the Company's liabilities arising from its trade payables to customers, payable to clearing house, payable to other brokers and accrued expenses and other current liabilities excluding government liabilities, are included under this category (see Notes 14, 15, and 16)

Reclassification

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

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

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

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

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

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

Impairment of Financial Assets

Expected credit loss methodology

ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either:

- 12-month ECL
- lifetime ECL for those financial instruments which have experienced a significant increase in credit risk since initial recognition.

The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the twelve (12) months after the reporting date.

Lifetime ECL are credit losses that results from all possible default events over the expected life of the financial asset.

Staging assessment

For non-credit-impaired financial instruments:

Stage 1 is comprised of all non-impaired financial assets which have not experienced a SICR since initial recognition. The Company recognizes a 12-month ECL for Stage 1 financial assets.

Stage 2 is comprised of all non-impaired financial assets which have experienced a SICR since initial recognition. The Company recognizes a lifetime ECL for Stage 2 financial assets.

For credit-impaired financial instruments:

Financial instruments are classified as Stage 3 when there is objective evidence of impairment.

Write-off Policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cashflows.

Definition of “default”

The Company classifies receivables, or any financial asset as in default when it is credit impaired or becomes past due on its contractual payments for more than 90 days. As part of a qualitative assessment of whether a customer is in default, the Company considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted.

Significant increase in credit risk (SICR)

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company’s aging information, the borrower becomes past due for over 30 days. Further, the Company assumes that the credit risk of a financial asset, particularly on cash and equivalents and receivables from customers, clearing house and non-customers, has not increased significantly since origination if the financial asset is determined to have “low credit risk” as of the reporting date. A financial asset is considered “low credit risk” when it has an external rating equivalent to “high grade”.

In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company shall revert to recognizing a 12-month ECL.

Impairment of financial assets at Amortized Cost and FVOCI

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

For trade receivables, the Company has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. 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.

Derecognition of Financial Assets and Liabilities

Financial Assets

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

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

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

Financial Liabilities

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

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

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

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

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of Financial Instrument between Liability and Equity

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

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

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

Derivative Financial Instruments and Hedging

Freestanding Derivatives. For the purpose of hedge accounting, hedges are classified as either:

- a) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign currency risk);
- b) cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability, a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
- c) hedges of a net investment in foreign operations.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instruments, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair Value Hedge. Derivatives classified as fair value hedges are carried at fair value with corresponding change in fair value recognized in the separate statements of profit or loss. The carrying amount of the hedged asset or liability is also adjusted for changes in fair value attributable to the hedged item and the gain or loss associated with that remeasurement is also recognized in the separate statements of profit or loss.

When the hedge ceases to be highly effective, hedge accounting is discontinued and the adjustment to the carrying amount of a hedged financial instrument is amortized immediately.

The Company discontinues fair value hedge accounting if:

- a) the hedging instrument expires, is sold, is terminated or is exercised;
- b) the hedge no longer meets the criteria for hedge accounting; or
- c) the Company revokes the designation.

The Company has no derivatives accounted for as a fair value hedge as at December 31, 2025 and 2024.

Cash Flow Hedge. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized in statements of profit or loss and other comprehensive income presented in the separate statements of changes in equity. The ineffective portion is immediately recognized in the statements of profit or loss and other comprehensive income.

If the hedged cash flow results in the recognition of an asset or a liability, all gains or losses previously recognized directly in the separate statements of changes in equity are transferred and included in the initial measurement of the cost or carrying amount of the asset or liability. Otherwise, for all other cash flow hedges, gains or losses initially recognized in the separate statements of changes in equity are transferred to the statements of profit or loss and other comprehensive income in the same period or periods during which the hedged forecasted transaction or recognized asset or liability affects the statements of profit or loss and other comprehensive income.

When the hedged ceases to be highly effective, hedge accounting is discontinued prospectively. The cumulative gain or loss on the hedging instrument that has been reported directly in the separate statements of changes in equity is retained until the forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, any net cumulative gain or loss previously reported in the separate statements of changes in equity is recognized in the statements of profit or loss and other comprehensive income.

The Company has no outstanding derivatives accounted for as a cash flow hedge as at December 31, 2025 and 2024.

Net Investment Hedge. Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income while any gain or loss relating to the ineffective portion is recognized in the statements of profit or loss and other comprehensive income. On disposal of a foreign operation, the cumulative value of any such gains and losses recorded in the separate statements of changes in equity is transferred to and recognized in the statements of profit or loss and other comprehensive income.

The Company has no hedge of a net investment in a foreign operation as at December 31, 2025 and 2024.

Changes in fair values of derivatives that do not qualify for hedge accounting are recognized directly in the statements of profit or loss and other comprehensive income.

Embedded Derivatives. The Company assesses whether embedded derivatives are required to be separated from the host contracts when the Company becomes a party to the contract. An embedded derivative is separated from the host contract and accounted for as derivative if all of the following conditions are met:

- a) the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract;
- b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- c) the hybrid or combined instrument is not recognized as FVPL.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL.

The Company has no embedded derivatives as at December 31, 2025 and 2024.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by 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.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The initial cost of property, furniture and equipment comprises its purchase price, including import duties and taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. When significant parts of property, furniture and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognized in profit or loss in the statement of profit or loss and other comprehensive income as incurred.

Depreciation is computed on a straight-line basis over the following estimated useful lives of the assets:

Office equipment	1-5 years
Transportation equipment	1-5 years
Office furniture and fixtures	1-5 years
Leasehold improvements	10 years

The useful lives and methods of depreciation of property, furniture and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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 profit or loss in the statement of profit or loss.

Intangible Asset

Trading Rights

Trading rights is carried at fair value. It is initially recorded at cost. It has indefinite useful life and is tested for impairment annually at the cash generating-unit level. Such intangible asset is not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to definite is made on a prospective basis.

Trading rights is subsequently measured at fair value. The fair value of the asset can be determined by reference to an active market at a subsequent measurement date, the revaluation model is applied from that date. If an intangible asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to equity under the heading of revaluation surplus. However, the increase shall be recognized in statement of profit or loss and other comprehensive income to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If an intangible asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in statement of profit or loss and other comprehensive income. However, the decrease shall be debited directly to equity under the heading of revaluation surplus to the extent of any credit balance in the revaluation surplus in respect of that asset.

Impairment of Nonfinancial Assets

Property, furniture and equipment and trading rights are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts.

The estimated recoverable amount is the greater of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment loss is recognized in the statement of profit or loss and other comprehensive income.

Reversal of impairment losses recognized in prior years is recorded when that there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is recorded in the statement of profit or loss and other comprehensive income. However, the increased carrying amount of an asset due to reversal of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

Derecognition of Nonfinancial Assets

An item of the property, furniture 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 the derecognition of the assets (computed as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income in the year the assets is derecognized.

Share Capital

Share capital is measured at par value for all shares issued. This includes common stocks only.

Retained Earnings

Retained earnings represent cumulative balance of periodic net income or loss, dividend distributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Cash dividends are recognized as a liability and deducted from retained earnings when approved by the Board of Directors.

Treasury Shares

Own equity instruments which are acquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized on the acquisition of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if re-issued, is recognized in the share premium or additional paid-in capital.

Voting rights related to treasury shares are nullified and no dividends are allocated to them. When shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is charged to share premium account when the shares were issued and to retained earnings for the remaining balance.

Revenue Recognition and Securities Transaction

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the Company to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers.

The five-step model is as follows:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

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

Buying and selling transactions of securities are recorded daily on the basis of the transaction dates. Gains and losses on sales of securities are also recognized on the corresponding transaction dates.

Commissions

Commissions are recognized as income upon confirmation of trade deals. These are computed for every trade transaction based on a flat rate or a percentage of the amount of trading transaction, whichever is higher.

Interest Income

Interest income is recognized as the interest accrues using the effective interest rate method.

Dividend Income

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

Trading gains (losses)

Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL and gains and losses from disposal of investment securities at FVTPL.

Unrealized trading gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealized gains and losses for financial instruments which were realized in the reporting period. Realized gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Foreign currency denominated transactions

Foreign currencies denominated monetary transactions are translated to Philippine peso using the prevailing exchange rates at financial position dates.

Exchange gains or losses arising from foreign currency transactions are credited or charged directly to operations.

Other Income

Other income includes other receipts in excess of usual transactions. Gain is recognized when received.

Expenses

Expenses are recognized when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in future economic benefits can be measured reliably. Expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Company. Expenses are recognized when incurred.

Finance Income

Finance income comprises of income on bank deposits and foreign currency gains.

Comprehensive Income

The Company uses single statement of comprehensive income, in which it presents all items of income and expense recognized in the period.

Related Party Relationships and Transactions

Related party relationship exists when (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the reporting entity or a parent of the reporting entity. (b) An entity is related to the Company if, the entity and the Company are members of the same group, one entity is an associate or joint venture of the other entity, both entities are joint ventures of the same third party, one entity is a joint venture of a third entity and the other entity is an associate of the third party, an entity is a post-employment benefit plan for the benefit of employees of the Company, the entity is controlled or joint controlled by a person who has control or joint control over the Company and a person as identified in (a) above has significant influence over the entity is a member of the key management personnel of the entity or of a parent of the entity. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

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

Employee Benefits

a. Post-employment benefits

The Company has a noncontributory defined benefit retirement plan which provides a retirement benefit equal to one hundred percent (100%) of plan salary for every year of credit service. The benefit is paid in lump sum upon retirement or separation in accordance with the terms of the 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, 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 reductions in the future contributions to the plan.

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

Service costs include current service costs, past service costs and gains and losses on non-routine settlements are recognized as expense in the profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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 defined benefit liability or asset is recognized as expense or income in the profit or loss.

The determination of the appropriate discount rate at the end of each year is based on the PDEX (PDST – R2). This is the interest rate that is used to determine the *present value* of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Actuary considers the interest rates of high-quality corporate bonds

that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Social Security System contributions fall under a defined contribution plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contributions. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

b. Short-term employee benefits

The Company recognizes a liability net of amount already paid and an expense for services rendered by employees during the accounting period. Short term benefits given by the Company to its employees include salaries and wages, short term compensated absences, SSS contributions and 13th month pay.

Income taxes

The tax expense for the period comprises current and deferred tax.

Current taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date where the company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax relating to items recognized outside profit and loss is recognized in correlation to the underlying transaction both in OCI or directly in equity and not in the company's statement of profit or loss and other comprehensive income.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Value-added Tax (VAT)

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

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

Earnings Per Share

Basic earnings per share is calculated by dividing net income by the number of ordinary shares outstanding or number of weighted average shares outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted earnings per share amount is calculated by dividing net income by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares outstanding that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Provisions

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

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

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

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

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

Contingencies

Contingent liabilities represent possible obligations whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. They are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Leases

Policy Applicable upon adoption of PFRS 16

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in time exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in PFRS 16.

Short-term Leases and Leases of Low-Value Assets

The Company has elected not to recognize right-of-use assets and liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company determined whether the arrangement was or contained a lease based on the assessment of whether.

- Fulfillment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of following was met:
 - a. The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - b. The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - c. Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

Dividends on common shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the Board of Directors of the Company. Dividends for the year that are approved after the statement of financial position date are dealt with as an event after the statement of financial position date.

Events After the Reporting Date

The Company identifies post year-end events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

Comparatives

When necessary, comparative figures have been adjusted to conform to the changes in the presentation of the current year.

3. Management's Use of Estimates and Judgments

The preparation of the financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about the significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following:

Judgments

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

a) Determination of Functional Currency

The Company has determined that its functional currency is the Philippine Peso. The determination of the functional currency was based on the primary economic environment in which the Company generates cash.

b) Classification of Financial Instruments

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

The classification of the Company's financial instruments is presented in Note 2.

c) Determination of Fair Value of Financial Instruments

The Company carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect the statements of changes in equity.

d) Impairment of Non-Financial Assets

Property and equipment and intangible assets are periodically reviewed to determine any indications of impairment. Though the management believes that the assumptions used in the estimation of fair values are reasonable and appropriate, significant changes in these assumptions may materially affect the assessment of the recoverable amounts and any resulting impairment loss could have a material adverse effect in the results of operations.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Revenue recognition

The Company's revenue recognition policies require use of estimates and assumptions that may affect the reported amounts of revenue and receivables.

Company as Lessee

The Company has entered into lease agreements as lessee and it has determined that the lessor retains all the significant risks and rewards of ownership of this property which are leased out under lease agreements.

The Company entered into a contract of lease with S & L INCORPORATED for the rental of its office space. The lease agreement is for one (1) year which is renewable annually at the option of the Company under such terms and conditions mutually acceptable to both parties. The monthly rental includes twelve percent (12%) VAT less five percent (5%) withholding tax payable.

Estimates

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

a) Estimated credit losses (ECL) on receivables

The Company reviews its receivable from clearing house and customers on a periodic basis to assess their impairment at an individual level. In assessing for impairment, the Company

determines whether there is any objective evidence indicating that there is a measurable decrease in the estimated future cash flows of its receivables.

Factors considered in individual assessment are payment history, past-due status and term. The methodology and assumptions used for individual assessment are based on management's judgment and estimate. The amount and timing of recognizing credit loss for any period would differ if the Company made different assumptions or utilized different estimates. An increase in allowance for credit losses would decrease net profit and total assets.

As provided in the Revised Securities Regulation Code (SRC) Rule 52.1, every broker dealer shall establish appropriate allowance for credit losses and the basis for such computation of the allowance shall be properly disclosed. The SEC or the PSE shall have the prerogative to determine the reasonableness of such receivable valuation taking into consideration the GAAP and industry practices.

Impairment provisions for trade receivables are recognized based on the simplified approach within PFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognized based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognized. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognized. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognized.

The carrying amounts of the Company's receivable from receivable from customers and clearing house are shown and disclosed in Notes 6 and 7.

The Company has assessed that there is no need to provide for any allowance for credit losses on its receivables as at December 31, 2025 and 2024 as the Company is following the T+1 settlement rule.

b) Estimated Useful Lives (EUL) of Property and Equipment

The Company annually reviews the EUL of property and equipment based on the period over which the assets are expected to be available for use and updates if expectations differ from previous estimates due to physical wear and tear, and technical or commercial obsolescence. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The estimated useful lives of property and equipment are disclosed in Note 2 which showed no changes in 2025 and 2024.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

The carrying amounts and accumulated depreciation of the Company's property and equipment are disclosed in Note 11.

c) Impairment on financial asset at FVOCI

The Company determines that financial asset at FVOCI are impaired where there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. The Company treats "significant" generally as 20% or more of the original cost of investment, and prolonged as greater than 12 months. In making this judgment, the Company evaluates, among other factors, the normal volatility in price.

In addition, impairment may be appropriate where there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

No impairment loss has been recognized by the Company on its financial asset at FVOCI for the years ended December 31, 2025 and 2024.

The value of the Company's financial asset at FVOCI are shown and disclosed in Note 10.

d) Impairment of Non-financial Assets

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

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends;
- permanent decline in fair value of the asset;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the assets value in use and decrease the asset's recoverable amount materially.

If any indicator exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. As of December 31, 2025, and 2024, none of these indicators exist on the Company's property and equipment.

e) Trading Rights

Trading rights is reviewed and tested whenever there is indication of impairment and at least at each statement of financial position date.

f) Present value of retirement benefit obligation

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The valuation results are based on the employee data as of valuation dates as provided by the Company. The discount rate assumption is based on the PDEx (PDST-R2) benchmark market yields on government bonds as of the valuation dates (or latest available) considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

g) Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the revenues and expenses of the Company.

h) Contingencies

The Company currently has various legal claims. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Company's defense relating to these matters and is based upon an analysis of potential results. The Company currently does not believe that these claims will have a material adverse effect on its financial position and results of operations.

4. Cash

This account consists of:

	2025	2024
Cash in banks	₱ 225,565,832	₱ 230,464,696
Cash on hand	45,000	45,000
	₱ 225,610,832	₱ 230,509,696

Cash in banks earn interest at floating rates based on daily bank deposit rates. Interest is recognized as the interest accrues using the effective interest rate method.

In compliance with Revised Securities Regulation Code (SRC) Rule 49.2 covering customer protection and custody of Securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers. Reserve requirement is determined on a monthly basis using SEC prescribed computation.

Cash includes a reserve requirement fund amounting to ₱143,032,384 and ₱101,284,074 as of December 31, 2025 and 2024, respectively.

The Company's reserve accounts are adequate to cover its reserve requirement.

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

5. Financial Assets at Fair Value through Profit or Loss

This account represents an investment in equity inside and outside PHISIX.

	2025	2024
Carrying value of financial asset at FVPL, beg.	₱ 3,960,000	₱ 17,354,760
Sale of financial asset at FVPL	-	(13,592,760)
Unrealized gain on financial assets at FVPL (Note 21)	40,000	198,000
Carrying value of financial asset at FVPL, end	₱ 4,000,000	₱ 3,960,000

The Company received cash dividends amounting to ₱266,573 and ₱203,797 in years 2025 and 2024, respectively. (See Note 21)

6. Receivable from Customers

These accounts include amounts due on cash transactions. *The securities owned by customers are held as collateral for amounts receivable from customers, which are due within one year from the respective statements of financial position dates. Eligible collaterals are listed and traded shares in the PSE and lodged with the Philippine Depository and Trust Corporation (PDTC) under the account of the Company.*

The following tables show the aging analysis of the Company's receivable from customers:

2025	Collateral (net of haircut)	Counterparty exposure after collateral	Allowance for expected credit losses	Net Receivables from Customers
T to T+1 of counterparty	₱ 602,044,640	(₱ 468,936,087)	₱ -	₱ 133,108,553
T+2 to T+12 of counterparty	5,862,010	(1,491,149)	87,417	4,283,444
T+13 to T+30 of counterparty	-	-	-	-
Beyond T+30 of counterparty	4,030	(1,348)	-	2,682
Total	₱ 607,910,680	(₱ 470,428,584)	₱ 87,417	₱ 137,394,679

2024

T to T+1 of counterparty	₱ 105,580,400	(₱ 77,415,630)	₱ -	₱ 28,164,770
T+2 to T+12 of counterparty	35,706,418	(35,252,336)	9,082	445,000
T+13 to T+30 of counterparty	31,184,226	(31,177,750)	-	6,476
Beyond T+30 of counterparty	3,694,909	(3,518,249)	-	176,660
Total	₱ 176,165,953	(₱ 147,363,965)	₱ 9,082	₱ 28,792,906

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

Receivables as to collateral are as follows:

	2025		2024	
	Money Balance	Security Valuation	Money Balance	Security Valuation
Cash and fully secured accounts:				
More than 250%	₱ 7,431,699	₱ 729,262,497	₱ 16,384,359	₱ 232,372,197
Between 200% and 250%	11,355,346	24,159,935	526,957	1,281,859
Between 150% and 200%	24,125,874	40,144,261	-	-
Between 100% and 150%	50,727,936	57,354,598	5,075,832	5,170,000
Less than 100%	43,841,241	43,761,122	6,790,588	6,779,000
Unsecured	-	-	24,252	-
	₱ 137,482,096	₱ 894,682,413	₱ 28,801,988	₱ 245,603,056
Less: Allowance for expected credit losses	87,417		9,082	
	₱ 137,394,679		₱ 28,792,906	

The fair value of these short-term financial assets was not individually determined as the carrying amounts are reasonable approximation of fair values.

Movements of allowance for expected credit losses are shown below:

	2025	2024
Balance, January 1	₱ 9,082	₱ 59,128
Provision for credit losses	78,335	-
Recovery of accounts	-	(50,046)
Balance, December 31,	₱ 87,417	₱ 9,082

Customers are required to maintain the value of their collateral within specific level. As of December 31, 2025, and 2024, the collateral held by the Company is sufficient to cover the receivables. The management believes that the Company has sufficient allowance to take care of any losses that the Company may incur from the non-collection or non-realization of its receivables.

7. Receivable from (Payable to) Clearing House

Receivables from clearing house represents the net amount due from the sales and purchases of securities made on the trading floor of the Philippine Stock Exchange, Inc. with the banks and payments must be received after two (2) days from the consummation of the transactions.

The Company's receivable from clearing house amounted to ₱28,176,033 in 2025. The Company's receivable from clearing house were all subsequently collected in January 2026.

The Company's receivable from clearing house amounted to ₱44,345,303 in 2024. The Company's receivable from clearing house were all subsequently collected in January 2025.

8. Other Receivables

This account pertains to advances to officers and employees which remained unliquidated as of audit date amounting to ₱27,436,739 and ₱30,927,167 in 2025 and 2024, respectively.

The advances to officers and employees are unsecured unimpaired, non-interest-bearing and subject for liquidation of expenses incurred.

9. Prepayments

This account consists of:

	2025	2024
Creditable withholding taxes	₱ 92,973,744	₱ 79,930,079
Accounts receivable-BIR	40,297,412	40,297,412
Deferred MCIT	-	1,077,853
Other prepayments	749,535	814,697
	₱ 134,020,691	₱ 122,120,041

Creditable withholding taxes pertains to the amount of unused tax credits for taxable years 2025 and 2024.

The details of this account shown below:

	2025	2024
January 1	₱ 79,930,079	₱ 73,540,245
Creditable taxes withheld during the year	13,043,665	6,389,834
December 31	₱ 92,973,744	₱ 79,930,079

As of reporting date, the Company has an on-going application for tax refund on its 2021 unused tax credits amounting to ₱29,843,453.

Accounts receivable –BIR represents over-payment of income tax which may be applied as tax credit for the succeeding quarter(s) of the next taxable year(s).

Other prepayments, includes unexpired portion of program maintenance, cable service, brokers bond dealers' bond and salesman licenses, and office supplies.

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

10. Financial asset at FVOCI

Financial asset at FVOCI which consist of listed/unlisted equity shares which are measured at *fair market value* and *at cost* are as follows:

Year ended December 31, 2025	No. of Shares	Market Value	Investment at Market Value	Investment at Cost	Net Unrealized Gain
<i>Quoted equity shares measured at fair value</i>					
The Philippine Stock					
Exchange	78,980	₱ 205.40	₱ 16,222,492	₱ 296,175	₱ 11,944,738 ***

Year ended December 31, 2024	No. of Shares	Market Value	Investment at Market Value	Investment at Cost	Net Unrealized Gain
<i>Quoted equity shares measured at fair value</i>					
The Philippine Stock					
Exchange	78,980	₱ 164	₱ 12,952,720	₱ 296,175	₱ 9,492,409 ***

The valuation gain amounting to ₱11,944,738 and ₱9,492,409 were taken to equity as of December 31, 2025 and December 31, 2024, net of deferred tax liabilities amounting to ₱3,815,579 and ₱3,164,136, respectively. (See Note 17)

Roll-forward analysis of the change in value financial assets at FVOCI:

	2025	2024
Balance, January 1	₱ 12,952,720	₱ 28,278,929
Less:		
Sale of financial assets at FVOCI	-	(14,666,650)
Unrealized (loss) gain on financial asset at FVOCI	3,269,772	(659,559)
	₱ 16,222,492	₱ 12,952,720

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

11. Property and Equipment, Net

The roll forward analysis of this account follows:

	Office			
	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Total
December 31, 2025				
Cost				
January 1	₱ 16,324,625	₱ 11,149,369	₱ 8,672,958	₱ 36,146,952
Additions	333,036	-	-	333,036
December 31	16,657,661	11,149,369	8,672,958	36,479,988
Accumulated				
Depreciation				
January 1	14,628,973	11,149,369	5,969,537	31,747,879
Depreciation	767,575	-	760,719	1,528,294
December 31	15,396,548	11,149,369	6,730,256	33,276,173
Net Book Value	₱ 1,261,113	₱ -	₱ 1,942,702	₱ 3,203,815

	Office			
	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Total
December 31, 2024				
Cost				
January 1	₱ 16,082,306	₱ 11,149,369	₱ 8,672,958	₱ 35,904,633
Additions	242,319	-	-	242,319
December 31	16,324,625	11,149,369	8,672,958	36,146,952
Accumulated				
Depreciation				
January 1	13,839,501	11,149,369	5,209,561	30,198,431
Depreciation	789,472	-	759,976	1,549,448
December 31	14,628,973	11,149,369	5,969,537	31,747,879
Net Book Value	₱ 1,695,652	₱ -	₱ 2,703,421	₱ 4,399,073

The Company's fully depreciated assets still in use in the operations amounted to ₱11,149,369 in 2025 and 2024.

12. Trading Rights and Investment Securities

Under the Philippine Stock Exchange (PSE) rules, all exchange membership seats are pledged at its full value to the PSE to secure the payment of all debts due to other members of the exchange arising out of or in connection with the present or future member's contracts. The latest selling price of the membership stock exchange seat, as provided by the PSE amounts to ₱7.7 million and ₱8 million as of December 31, 2025 and 2024, respectively.

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

In 2001, the demutualization or conversion of PSE into a stock corporation was approved by the Securities and Exchange Commission (SEC) effective August 8, 2001. Each membership seat will be exchanged for shares of stock of PSE. In accordance with the conversion, PSE will issue 9.2 million shares with a par value of ₱1 per share out of the members' contribution of ₱286.6 million.

Thus, each of the 184 members/brokers will subscribe to a total of 50,000 shares of stocks with a par value of ₱1 per share. The balance of members' contribution of ₱277.4 million will be treated as additional paid-in surplus in the financial statements of PSE.

In addition to the shares, each member will receive a Certificate of Trading Right to maintain their continued access to the trading floor of PSE. The Right can be assigned and transferred by the members.

PSE, however, will not issue shares of stocks for the value of its donated assets. The donated assets consisting of two (2) pieces of real property located in Makati and Pasig City, where its trading floors are located, are subject to restrictions on their transferability.

The effects of the conversion plan specifically on the separate valuation of the ownership of the *exchange seat* and the *trading rights* have been recognized in the Company's financial statements.

As of December 31, 2024, and 2023, the carrying value of the 78,980 *PSE shares* and *trading rights* are as follows:

	2025	2024
No. of shares held	78,980	78,980
Philippine Stock Exchange (<i>Note 10</i>)	₱ 16,222,492	₱ 12,952,720
Trading rights	7,700,000	8,000,000
	₱ 23,922,492	₱ 20,952,720

The revaluation surplus in trading rights amounted to ₱6,890,000 and ₱7,190,000 were taken to equity, net of related deferred tax liabilities amounted to ₱1,722,500 and ₱1,797,500 in 2025 and 2024. (*See Note 17*)

13. Other Non-Current Assets

This account pertains to utility and rental deposits. The balance of this account amounted to ₱332,556 in 2025 and 2024.

14. Payable to Customers

This account pertains to customers arising from brokerage services rendered, including value of securities sold in behalf of customers, commission, and other charges.

	2025		2024	
	Money Balance	Security Valuation	Money Balance	Security Valuation
With money balance	₱ 285,795,763	₱ 14,279,746,880	₱ 172,432,538	₱ 19,551,457,285
With no money balance		33,955,194,951		56,109,382,099
	₱ 285,795,763	₱ 48,234,941,831	₱ 172,432,538	₱ 75,660,839,384

15. Payable to Other Brokers

This account is used to record claims due to other brokers for the sale of securities and other trade-related transactions.

The Company's due to other brokers are all due within one (1) year from statement of financial position date.

As of December 31, due to other brokers amounted to ₱23,857,454 and ₱3,501,938 in 2025 and 2024, respectively.

16. Other Current Liabilities

This account consists of:

	2025		2024	
Due to BIR, SSS, HDMF and Philhealth	₱	5,672,340	₱	4,004,327
Due to affiliates and officers		14,691		156,802
Miscellaneous payable		1,622,194		618,392
	₱	7,309,225	₱	4,779,521

Miscellaneous payable comprises of stale checks which are not presented in the bank by the payees on the maximum of 6 months from the date of issuance by the Company.

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

17. Deferred Tax Liabilities (Asset), Net

This account consists of:

	2025	2024
Unrealized gain on financial asset at FVOCI (Note 10)	₱ 3,981,579	₱ 3,164,136
Revaluation surplus (Note 12)	1,722,500	1,797,500
Provision for credit losses (Note 6)	(21,854)	(2,270)
Unrealized gain on foreign transactions (Note 24)	34,574	117,424
Unrealized gain on FVPL (Note 5)	10,000	49,500
Remeasurement gain (loss) on post employment benefits (Note 29)	482,077	(640,575)
Net operating loss carry over (NOLCO)	(1,034,845)	(1,034,845)
	₱ 5,174,031	₱ 3,450,870

The movements in the deferred tax liabilities (assets) account in 2025 are summarized as follows:

	At January 1	Charged to profit and losses	Charged to other comprehensive income	At December 31
Unrealized gain (loss) on financial asset at FVOCI (Note 11)	₱ 3,164,136	₱ -	₱ 817,443	₱ 3,981,579
Revaluation surplus (Note 13)	1,797,500	-	(75,000)	1,722,500
Recovery from credit losses (Provision for) (Note 6)	(2,270)	(19,584)	-	(21,854)
Unrealized gain on foreign transactions, net (Note 25)	117,424	(82,850)	-	34,574
Unrealized gain (loss) on financial assets at FVPL (Note 5)	49,500	(39,500)	-	10,000
Remeasurement loss on post employment benefits (Note 30)	(640,575)	-	1,122,652	482,077
NOLCO	(1,034,845)	-	-	(1,034,845)
Total	₱ 3,450,870	₱ (141,934)	₱ 1,865,095	₱ 5,174,031

The movements in the deferred income tax liabilities (assets) account in 2024 are summarized as follows:

	At January 1	Charged to profit and losses	Charged to other comprehensive income	At December 31
Unrealized gain (loss) on financial asset at FVOCI (Note 11)	₱ 6,753,906	₱ -	₱ (3,589,770)	₱ 3,164,136
Revaluation surplus (Note 13)	1,797,500	-	-	1,797,500
Recovery from credit losses (Provision for) (Note 6)	(14,782)	12,512	-	(2,270)
Unrealized gain on foreign transactions, net (Note 25)	9,232	108,192	-	117,424
Unrealized gain (loss) on financial assets at FVPL (Note 5)	(273,824)	323,324	-	49,500
Remeasurement loss on post employment benefits (Note 30)	(1,088,794)	-	448,219	(640,575)
NOLCO	-	(1,034,845)	-	(1,034,845)
Total	₱ 7,183,238	₱ (590,817)	₱ (3,141,551)	₱ 3,450,870

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

18. Share Capital

This account consists of:

	Amount Issued and Subscribed		Number of Shares Issued and Subscribed	
	2025	2024	2025	2024
Common stock				
Authorized - Par value - ₱10 per share	₱ 150,000,000	₱ 150,000,000	15,000,000	15,000,000
Issued	₱ 139,706,100	₱ 139,706,100	13,970,610	13,970,610
Treasury shares	₱ (34,146,197)	₱ (34,146,197)	1,633,008	1,633,008

The Company has six (6) shareholders each owning 100 or more shares of the Company's share capital as at the date of financial position.

19. Retained Earnings and Reserve

This account consists of:

Unappropriated

	2025	2024
As at January 1	₱ 140,528,074	₱ 138,519,398
Net profit for the year	5,607,974	2,231,863
Appropriation	(560,797)	(223,187)
Dividend declaration	(49,350,408)	-
	₱ 96,224,843	₱ 140,528,074

Appropriated

	2025	2024
As at January 1	₱ 38,948,678	₱ 38,725,491
Appropriation for reserve fund	560,797	223,187
	₱ 39,509,475	₱ 38,948,678

Reserve Fund

Under Securities Regulation Code No.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%, 20% and 10% of profit after tax for broker dealers with unimpaired paid-up capital between ₱10.0 million to ₱30.0 million, between ₱30.0 million to ₱50.0 million and more than ₱50.0 million, respectively.

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

The BOD approved the appropriation of retained earnings amounting to ₱560,797 and ₱223,187 in 2025 and 2024 in compliance with such requirement, respectively. As of December 31, 2025, and 2024, the appropriated retained earnings amounted to ₱39,509,475 and ₱38,948,678, respectively.

OCI Accumulated in Reserves, Net of Tax

	Attributable to the owners of the Company			
	January 1	Fair value reserve	Revaluation reserve	December 31
2025				
Financial assets at FVOCI				
net change in fair value (Note 11)	₱ 9,492,409	₱ 2,452,329	₱ -	₱ 11,944,738
Remeasurements of defined benefit liability (asset)	(1,921,725)	-	3,367,955	1,446,230
Trading rights				
net change in fair value	5,392,500	-	(225,000)	5,167,500
	₱ 12,963,184	₱ 2,452,329	₱ 3,142,955	₱ 18,558,468
2024				
Financial assets at FVOCI				
net change in fair value (Note 11)	₱ 20,261,717	₱ (10,769,308)	₱ -	₱ 9,492,409
Remeasurements of defined benefit liability (asset)	(3,266,381)	-	1,344,656	(1,921,725)
Trading rights				
net change in fair value	5,392,500	-	-	5,392,500
	₱ 22,387,836	₱ (10,769,308)	₱ 1,344,656	₱ 12,963,184

20. Revaluation Surplus

Revaluation surplus amounting to ₱6,890,000 and ₱7,190,000 relates to the excess of fair value of the trading rights over that of the carrying amount of the rights revalued. As at December 31, 2025 and 2024, the Company's net revaluation surplus amounted to ₱5,167,500 and ₱5,392,500, respectively. (See Notes 12 and 17)

Fair Value Surplus

The fair value surplus comprises of the cumulative net change in fair value of intangible assets until the assets are derecognized or impaired.

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

21. Revenues and Other Income

This account consists of:

	2025	2024
Commissions	₱ 125,431,515	₱ 147,612,001
Gain on sale of financial asset FVOCI	-	14,788,002
Dividend income from financial assets at FVPL <i>(Note 5)</i>	266,573	203,797
Unrealized gain on financial asset at FVPL <i>(Note 5)</i>	40,000	198,000
Recovery from credit losses <i>(Note 6)</i>	-	50,046
Miscellaneous income	1,198	-
	₱ 125,739,286	₱ 162,851,846

22. Cost of Services

This account consists of:

	2025	2024
Salaries and employee benefits <i>(See Note 25)</i>	₱ 27,855,148	₱ 34,321,842
Commissions	25,198,548	46,075,827
Stock exchange dues and fees	23,000,809	23,314,246
Postage, telephone and telegram	1,215,426	1,440,367
Stationery and supplies	334,655	508,980
	₱ 77,604,586	₱ 105,661,262

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

23. Operating Expenses

This account consists of:

	2025	2024
Salaries and employees benefits (<i>See Note 25</i>)	₱ 10,542,577	₱ 17,776,096
Subscription and periodicals	9,479,424	10,009,086
Business development	5,908,915	14,037,350
Professional fees	5,891,260	3,845,310
Rentals (<i>See Note 30</i>)	2,243,097	2,249,758
Transportation and travel	2,190,088	2,403,954
Depreciation and amortization (<i>See Note 11</i>)	1,528,294	1,549,448
Taxes and licenses (<i>See Note 34</i>)	1,292,433	2,078,655
Utilities	1,213,801	1,231,596
Repairs and maintenance	984,642	1,089,361
Postage, telephone and telegram	520,897	617,300
Bank charges	331,477	325,519
Supplies and stationaries	143,424	218,134
Representations	86,906	100,267
Provision for credit losses (<i>Note 6</i>)	78,335	-
Insurance	34,805	184,872
Miscellaneous	234,304	315,347
	₱ 42,704,679	₱ 58,032,053

Business development pertains to sales marketing expenses for both local and foreign, continuing education and training of employees through seminars for both local and foreign, meetings and conferences with fund managers, cost of foreign travels of department heads, research team and sales executives for continuing education and training for business strategies and cost of regular seminars for both domestic and foreign investors to assist them on a high-level decision making.

Miscellaneous expenses include contributions, registration-related expenses, pantry supplies and reimbursement of miscellaneous related expenses.

24. Finance Income

This account consists of:

	2025	2024
Finance Income		
Interest income	₱ 2,327,155	₱ 2,515,928
Unrealized foreign exchange gain	280,027	469,698
	₱ 2,607,182	₱ 2,985,626

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

25. Employees Welfare and Benefits

This account consists of:

	2025	2024
Salaries and wages	₱ 33,472,016	₱ 44,828,894
Retirement expense (See Note 29)	2,424,526	2,985,712
Employees welfare	909,816	2,439,581
SSS/Medicare and ECC Premium	1,050,180	1,134,110
Philhealth insurance	479,987	633,641
Pag-ibig fund	61,200	76,000
	₱ 38,397,725	₱ 52,097,938

26. Earnings per Share

The computation of basic earnings per share is computed as follows:

	2025	2024
Net profit	₱ 5,607,974	₱ 2,231,863
Divided by outstanding shares	** 13,970,610 ***	13,816,830
Basic earnings per share	₱ 0.40	₱ 0.16

**

Divided by outstanding shares pertains to the number of ordinary shares outstanding totaling 13,970,610 in 2025.

Divided by outstanding shares pertains to the number of ordinary shares outstanding and number of weighted average shares outstanding totaling 13,816,830 in 2024.

The Company has no dilutive potential common shares in 2025 and 2024.

27. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries are related entities of the Company. Key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related entities.

Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market. In considering each possible related entity relationship, attention is directed to the substance of the relationship, and not merely the legal form.

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

Significant transactions carried out with related parties follow:

The Company considered as key management personnel all employees holding managerial positions up to the president.

a. Retirement expense

Retirement (income) expense that relates to key management personnel is considered a related party transaction. As at December 31, 2025 and 2024, the retirement obligation attributed to key management personnel amounted to (P1,121,266) and P564,877, respectively.

b. Commission income

The commission income received from securities transactions by the management personnel amounted to P2,858,607 and P408,609 for 2025 and 2024, respectively. All commission income received by the key management personnel was included in the salaries and wages account.

c. Outstanding Accounts in Securities Transactions

In the normal course of business, the Company's related parties transact its investments in securities through the Company.

There are no outstanding accounts related to the transaction that were included as part of payable to customers in the statements of financial positions for 2024 and 2023, respectively.

d. Outstanding Accounts in Non-Trade Advances

There are no outstanding accounts related to the transaction that were included as part of non-trade advances in the statements of financial positions for 2025 and 2024, respectively.

e. Lease contract

The lease contract entered into by the Company to its lessor S&L, Incorporated is not considered a related party transaction.

		2025		
		Amount	Outstanding Balance	Terms and Conditions
Related parties:				
<i>Statement of financial position</i>				
Advances to/(from)				Unsecured; unimpaired; non-interest bearing, subject for liquidation of expenses incurred.
officers and employees	P 3,490,429	P 27,436,739		
Expenses				
Key management compensation				Will be settled in cash, payment every 15th and 30th of the month.
Salaries		P 9,347,269		
Short-term benefits				Will be settled in cash, payment every quarter or at the last quarter of the year.
			P 9,347,269	

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

		2024	
	Amount	Outstanding Balance	Terms and Conditions
Related parties: <i>Statement of financial position</i>			
Advances to/(from) officers and employees	P 15,192,854	P 30,927,167	Unsecured; unimpaired; non-interest bearing, subject for liquidation of expenses incurred.
Expenses			
Key management compensation			Will be settled in cash, payment every 15th and 30th of the month.
Salaries		P 15,415,939	
			Will be settled in cash, payment every quarter or at the last quarter of the year.
Short-term benefits		-	
		P 15,415,939	

28. Provision for (Benefit from) Income Tax

Provision for income tax consists of the following:

	2025	2024
Current		
Corporate income tax	P 2,107,509	P -
Final tax on interest income	463,654	503,110
Deferred		
Tax effect on timing difference	(141,934)	(590,816)
	P 2,429,229	P (87,706)

A reconciliation of income tax computed at the statutory income tax rate to the corporate for income tax reflected in the statements of profit or loss is as follows:

	2025	2024
Provision for income tax at statutory rate	P 2,009,301	P 536,039
Effect of items not subject to statutory tax rate		
Unallowable deductions	826,646	-
Non-taxable income	(76,643)	(824,478)
Income subject to lower tax rates	(651,795)	(746,406)
NOLCO	-	1,034,845
	P 2,107,509	P -

Revenue Regulation No. 10-2002 defines expenses to be classified as entertainment, amusement and recreation (EAR) expenses and sets a limit for the amount that is deductible for tax purposes, at 1% of net revenues for sellers of services.

29. Retirement Benefits

The Company has a funded non-contributory defined benefit plan covering all its officers and regular employees. The benefits are based on a percentage equal to one hundred percent (100%) of latest monthly salary for every year of credited service. The plan provides retirement, separation, death and disability benefits to its members.

The following tables summarize the components of net retirement benefits cost recognized in the statements of comprehensive income and the amounts recognized in the statements of financial position.

The costs of defined benefit retirement plans, as well as the present value of the benefit obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pensions for the Company were as follows:

	2025	2024
Discount rate	6.35%	6.10%
Salary increase rate	5.00%	7.00%

The movement in the present value of defined benefit obligation is summarized as follow:

	2025	2024
Defined benefit obligation, January 1	₱ 19,341,151	₱ 24,831,773
Interest expense	1,179,810	1,502,322
Current service cost	2,131,116	2,580,497
Benefits paid from plan assets	(1,270,500)	(7,431,700)
Actuarial (gain)/ loss:		
Changes in financial assumptions	(3,316,857)	(83,055)
Changes in demographic assumptions	30,349	17,533
experience	(1,644,139)	(2,076,219)
Defined benefit obligation, December 31	₱ 16,450,930	₱ 19,341,151

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

The movement in the fair value of plan asset is summarized as follows:

	2025	2024
Fair value of pension assets, January 1	₱ 15,166,395	₱ 21,849,854
Interest income	886,400	1,097,107
Benefits paid	(1,270,500)	(7,431,700)
Remeasurement gain/ (loss)- return on pension asset	(440,040)	(348,866)
Pension assets, December 31	₱ 14,342,255	₱ 15,166,395

Actual return on pension assets is summarized as follows:

	2025	2024
Interest income	₱ 886,400	₱ 1,097,107
Remeasurement gain/ (loss)	(440,040)	(348,866)
Actual return	₱ 446,360	₱ 748,241

Liability / (Asset) to be recognized in the statement of financial position:

	2025	2024
Defined benefit obligation, Ending	₱ 16,450,930	₱ 19,341,151
Fair value of pension assets, Ending	(14,342,255)	(15,166,395)
Funded status - Deficit/ (Surplus)	2,108,675	4,174,756
Effect of the asset ceiling	-	-
Net defined benefit liability/ (asset) to be recognized in profit or loss	₱ 2,108,675	₱ 4,174,756

Defined benefit cost recognized in the profit or loss included under "Salaries and Employee Benefits":

	2025	2024
Current service cost	₱ 2,131,116	₱ 2,580,497
Net interest on DB liability/ (asset)		
Interest expense on defined benefit obligation	1,179,810	1,502,322
Interest income on pension assets	(886,400)	(1,097,107)
Defined benefit cost in profit or loss	₱ 2,424,526	₱ 2,985,712

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

Defined benefit cost recognized in the other comprehensive income:

	2025	2024
Accumulated other comprehensive income, beginning	₱ 2,562,299	₱ 4,355,174
Actuarial (gain) loss-DBO	(4,930,647)	(2,141,741)
Remeasurement (gain) loss-pension assets	440,040	348,866
Remeasurement (gain) loss- changes in the effect of the asset ceiling	-	-
Defined benefit cost in OCI- (Income) Expense	(4,490,607)	(1,792,875)
Accumulated other comprehensive income, ending*	₱(1,928,308)	₱ 2,562,299

The amounts shown in the statements of changes in equity were net of income tax effect on actuarial loss. Total accumulated net actuarial losses on employees' benefit obligation amounted to ₱(1,446,230) and ₱1,921,725 in 2025 and 2024, respectively.

Summary of movement in the net defined benefit liability (asset) is summarized below:

	2025	2024
Beginning net benefit liability	₱ 4,174,756	₱ 2,981,919
Defined benefit cost-profit or loss	2,424,526	2,985,712
Defined benefit cost-other comprehensive income	(4,490,607)	(1,792,875)
Closing net defined benefit liability (asset)	₱ 2,108,675	₱ 4,174,756

The retirement trust fund assets are valued by the fund manager at fair value using the mark-to-market valuation. While no significant changes in asset allocation are expected in the next financial year, the plan trustee can make changes any time.

The valuation results are based on the employee data as of the valuation dates as provided by the Company. The discount rate assumption is based on the PDEs (PDST-R2) benchmark market yields on government bonds as of the valuation dates (or latest available) considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

The Company has no specific matching strategy between the retirement fund assets and the defined benefit liabilities under the plan.

The Company did not contribute to the plan in 2025 and 2024.

Maturity profile: weighted average duration of the defined benefit obligation is as follows:

	2025	2024
Weighted Average Duration (years)	7.7	8.6

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

Expected future contribution to:

<i>Financial year</i>	2025	2024
Expected financial contribution in the <i>next</i> financial year	₱ 2,000,000	₱ -

Statistical distribution of eligible members of the benefit plan:

	Male	Female	Combined
Number of lives covered	13	13	26
Average age in years	46.7	34.6	40.6
Average years of past service	12.6	7.4	10.0

Maturity analysis: expected future benefit payments:

<i>Financial year</i>	2025	2024
Year 1	₱ 465,913	₱ 1,900,207
Year 2	583,212	537,400
Year 3	4,928,764	674,522
Year 4	5,620,952	5,444,918
Year 5	460,550	6,294,051
Year 6 - 10	6,866,969	8,199,717

The *sensitivity* of the defined benefit obligation to changes in the weighted principal assumptions is:

	2025	2024
Decrease in DBO if Discount Rate + 100 basis points (bps)	(1,180,714) ; (7.2%)	(1,538,456) ; (8.0%)
Increase in DBO if Discount Rate - 100 bps	1,354,223 ; 8.2%	1,787,834 ; 9.2%
Increase in DBO if Salary Increase Rate + 100 bps	1,359,015 ; 8.3%	1,753,926 ; 9.1%
Decrease in DBO if Salary Increase Rate - 100 bps	(1,205,627) ; (7.3%)	(1,539,815) ; (8.0%)
Increase in DBO if No Attrition Rates	1,260,419 ; 7.7%	3,443,693 ; 17.8%

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit obligation at the balance sheet date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all the other assumptions remained unchanged. The corresponding change in the defined benefit obligation was expressed as a percentage change from the base defined benefit obligation.

Unusual Significant Risks to which the Retirement Plan Exposes the Company

There are no unusual or significant risks to which the Plan exposes the Company. However, in the event a benefit claim arises under the Retirement Plan and the Retirement Fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable from the company to the Retirement fund.

30. Commitments and Contingencies

a. Lease

The Company is a lessee under a non-cancellable short-term lease covering its office premises. The lease has a one (1) year term renewable every year. As of December 31, 2025, and 2024, rent expense from this lease amounted to ₱2,243,097 and ₱2,249,758, respectively. (See note 23).

b. Legal Claims

As at December 31, 2025 and 2024, there are pending legal cases in the ordinary course of the business to which the Company is a defendant. In the opinion of the management and legal counsel, the ultimate outcome of the case will not have a material impact on the financial position and results of operations of the Company. Consequently, no provision related to these legal cases was made in 2025 and 2024.

31. Financial Risk and Capital Risk Managements

Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks which result from both its operating and investing activities. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company.

The policies for managing specific risks are summarized below.

Market / Price risk

Market risk is the risk that the value of an investment will decrease due to movements in market factors such as, but not limited to, equity risk or the risk that the stock prices will change; interest rate risk or the risk that interest rates will change; currency risk or the risk that foreign currency will change; equity index risk or the risk that stock and other index prices will change.

Interest rate risk

The Company has no significant exposure to changes in market interest rates.

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US Dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Significant fluctuation in the exchange rates could significantly affect the Company's financial position.

The Company's United States (US) dollar-denominated financial instruments, pertains only to cash in bank (savings account), translated into Philippine peso at the closing rates, amounting to ₱500,655 and ₱593,935 as of December 31, 2025 and 2024, respectively.

The exchange rates used are ₱58.773 and ₱57.845 as of December 31, 2025 and 2024, respectively.

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

The following table demonstrates the *sensitivity* to a reasonably possible change in the US dollar rate, with all variable held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets) and the Company's equity.

	US \$ Depreciates		US \$ Appreciates	
	2025	2024	2025	2024
Effect on profit before tax	\$ (8,518)	\$ (10,268)	\$ 8,518	\$ 10,268
Effect on equity	(6,389)	(7,701)	6,389	7,701

Equity price risk

The Company is exposed to equity price risk arising from financial asset at FVOCI which consists of investments in Philippine Stock Exchange (PSE) shares.

The financial assets at FVOCI are revalued on each reporting period end based on quoted market prices. Any resulting fair value gains or losses arising from the revaluation of the financial asset at FVOCI are recognized directly in the statement of comprehensive income. Financial asset at FVOCI that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any impairment losses at end of each reporting period.

The year-to-year *sensitivity* and fluctuation in the price per share of PSE shares is summarized below:

	Number of shares held	Price per share
2025	78,980	205.40
2024	78,980	164.00

As of December 31, 2025, if the PSE shares price strengthen by 25.24% with all other variable held constant, unrealized gain on financial asset at FVOCI recognized in equity after deferred tax would increase by ₱206,355.

As of December 31, 2024, if the PSE shares price weaken by 3.53% with all other variable held constant, unrealized gain on financial asset at FVOCI recognized in equity after deferred tax would decrease by ₱12,544.

The price fluctuation assumed in the sensitivity analysis represents the defined shift used by the Company to manage its equity price risk. The shift in percentage from (3.53%) to 25.24% is brought about by the totality in PSE shares.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting from financial loss to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits and investments in bonds.

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

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

	2025	2024
Cash	₱ 225,565,832	₱ 230,464,696
Financial assets at FVPL	4,000,000	3,960,000
Receivables from		
Customers	137,394,679	28,792,906
Clearing house	28,176,033	44,345,303
Other brokers	-	-
Financial assets at FVOCI	16,222,492	12,952,720
Other receivables		
Advances to officers and employees	27,436,739	30,927,167
Other non-current assets		
Refundable deposits	332,556	332,556
	₱ 439,128,331	₱ 351,775,348

Accounts receivable from BIR is lodged under prepayments and other non-current accounts are excluded.

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

	December 31, 2025						
	Neither Past Due Nor Specifically Impaired				Individually Impaired	Total	
	High Grade	Standard Grade	Substandard Grade				
Cash	₱ 225,565,832	₱ -	₱ -	₱ -	₱ -	₱ 225,565,832	
Receivables from:							
Customers	137,394,679	-	-	87,417		137,482,096	
Clearing house	28,176,033	-	-	-		28,176,033	
Other brokers	-	-	-	-		-	
Other receivables							
Advances to officers and employees	27,436,739	-	-	-		27,436,739	
Other non-current assets							
Refundable deposits	332,556	-	-	-		332,556	
	418,905,839	-	-	87,417		418,993,256	
Quoted equity securities							
Financial assets at FVPL	4,000,000	-	-	-		4,000,000	
Financial assets at FVOCI	16,222,492	-	-	-		16,222,492	
	₱ 439,128,331	₱ -	₱ -	₱ 87,417	₱	₱ 439,215,748	

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

	December 31, 2024					Total
	Neither Past Due Nor Specifically Impaired			Individually Impaired		
	High Grade	Standard Grade	Substandard Grade			
Cash	₱ 230,464,696	₱ -	₱ -	₱ -	₱ -	₱ 230,464,696
Receivables from:						
Customers	28,792,906	-	-	9,802		28,802,708
Clearing house	44,345,303	-	-	-		44,345,303
Other brokers	-	-	-	-		-
Other receivables						
Advances to officers and employees	30,927,167	-	-	-		30,927,167
Other non-current assets						
Refundable deposits	332,556	-	-	-		332,556
	334,862,628	-	-	9,802		334,872,430
Quoted equity securities						
Financial assets at FVPL	3,960,000	-	-	-		3,960,000
Financial assets at FVOCI	12,952,720	-	-	-		12,952,720
	₱ 351,775,348	₱ -	₱ -	₱ 9,802	₱ -	₱ 351,785,150

Credit Quality - In monitoring and controlling credit extended to counterparty, the Company adopts a comprehensive credit rating system based on financial and non-financial assessments of its borrowers. Financial factors being considered comprised of the financial standing of the borrower while the non-financial aspects include but not limited to the assessment of the borrower's nature of business, industry background, payment habit and both present and potential business dealings with the Company.

Class A "High Grade" refers to accounts with strong financial capacity and business performance and with the lowest default risk.

Class B "Moderate Grade" refers to accounts of satisfactory financial capability and credit standing but with some elements of risk where certain measure of control is necessary in order to mitigate risk of default.

Class C "Low Grade" refers to accounts which are collected on their due dates provided that the Company made a persistent effort to collect them.

Cash

As part of Company policy, bank deposits are only maintained with reputable financial institutions, hence, considered high grade. For the determination of credit risk, cash included in the analysis above do not include cash on hand amounting to ₱45,000 in both years 2025 and 2024.

Receivables

Receivables from customers and non-customers are secured (for fully and partially secured) by shares of stock owned by the customers and non-customers but held by the Company. These are assessed to be of low credit risks due to its underlying collateral securities.

Receivables from clearing house is guaranteed to be settled following T+1 policy.

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

Financial asset at FVOCI

Unquoted financial assets at FVOCI are unrated, while quoted financial assets are assessed as high grade based on financial status of the counterparty and its current stock price performance in the market.

Liquidity risk

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

In the management of liquidity, the Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuation in cash flows.

The liability to customers and/or other brokers is matched by a corresponding receivable from customers/clearing house. Liquidity risk would arise if all loans and receivables are not settled in the usual T+1 settlement period.

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

	Current		Non-current		Total
	Within 6 months	6 to 12 months	1 to 5 years		
Payable to					
Customers	₱ 285,795,763	-	-		₱ 285,795,763
Other broker	23,857,454	-	-		23,857,454
	₱ 309,653,217	₱ -	₱ -		₱ 309,653,217

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

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

	Current		Non-current		Total
	Within 6 months	6 to 12 months	1 to 5 years		
Payable to					
Customers	₱ 172,432,538	-	-		₱ 172,432,538
Other broker	3,501,938	-	-		3,501,938
	₱ 175,934,476	₱ -	₱ -		₱ 175,934,476

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

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity.

The Philippine Stock Exchange (PSE) issued a memo 2009-0316 regarding rules governing trading rights and trading participants. 1) Trading participants shall have a minimum unimpaired paid-up capital, as defined by the Securities and Exchange Commission (SEC) of Twenty Million Pesos (₱20,000,000) effective December 31, 2009; provided further, that effective December 31, 2010 and onwards, the minimum unimpaired paid-up capital shall be Thirty Million Pesos (₱30,000,000). Each trading participant shall pledge its trading right to the extent of its full value to secure the payment of all debts and claims due the clients of the trading participant, the government, the Exchange and to other trading participants of the Exchange and to the Securities Clearing Corporation of the Philippines. Such indebtedness to the Exchange, SCCP and other Trading Participants, shall always, and in every case, be a prior, preferred lien upon the value, or the proceeds of sale of the trading rights.

Minimum Capital Management

The Securities and Exchange Commission (SEC) passed the Amended Implementing Rules and Regulations of SEC that took effect on February 28, 2004 which provide among others, 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 ₱2.5 million or 2.5% 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 required for those authorized to use the Risk-Based Capital Adequacy (RBCA) model;
- c) To require unimpaired paid-up capital of ₱100.0 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; P10.0 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.

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

The Company is required to comply with SEC Memorandum Circular No. 16 on the Adoption of the Risk-Based Capital Adequacy Requirement/Ratio (RBCA) for Brokers Dealers. This rule was published on November 13, 2004 by the Securities and Exchange Commission which took effect 15 days after its publication on November 29, 2004.

Under the pertinent provision of the Circular, it provides that every broker dealer shall ensure that its RBCA Ratio is greater than or equal to 1:1; the Core Equity must always be greater than the Operational Risk Requirement and that the broker dealer should maintain a Net Liquid Capital (NLC) of at least Five Million Pesos (₱5,000,000) or five percent (5%) of the Aggregate Indebtedness (AI) whichever is higher. Moreover, no broker dealer shall allow its aggregate indebtedness to all other persons to exceed 2,000 percent of its NLC. If the minimum RBCA Ratio and NLC are breached, every broker dealer shall immediately cease doing business and shall notify the Securities and Exchange Commission.

The RBCA Requirement/Ratio pertains to minimal level of capital that are required to be maintained by licensed firms, considering the firm size, complexity and business risks such as operational risks, position, counterparty, large exposure, underwriting and margin financing risks.

The Company is in compliant with RBCA ratio, AI to NLC and NLC requirements as of December 31, 2025 and 2024 as shown below:

	2025	2024
Equity eligible for net liquid capital	₱ 259,852,689	₱ 297,999,839
Less: Ineligible assets	162,602,492	147,804,390
Net Liquid Capital	97,250,197	150,195,449
Operational risk	39,589,773	46,496,284
Position risk	2,154,494	2,149,507
Counterparty risk	68,638	-
Total Risk Capital Requirement	41,812,905	48,645,791
Aggregate Indebtedness	₱ 323,052,696	₱ 184,888,753
5% of Aggregate Indebtedness	16,152,635	9,244,438
Required Net Liquid Capital	16,152,635	9,244,438
Net Risk-Based Capital Excess	81,097,562	140,951,011
Ratio of Aggregate Indebtedness to Net Liquid Capital	332%	123%
Risk Based Capital Adequacy Ratio	233%	309%

Ineligible asset

This pertains to fixed assets and assets which cannot be readily converted into cash.

Operational risk

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

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

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

	2024	2023	2022	Average
Commission income	₱ 147,612,001	₱ 188,132,772	₱ 235,582,854	₱ 190,442,542
Interest income	2,515,928	2,201,856	411,342	1,709,709
Dividend income	203,797	203,812	203,796	203,802
Gain on sale of FAFVOCI	14,788,002	-	-	4,929,334
Other income	717,744	499	1,272,187	663,477
	₱ 165,837,472	₱ 190,538,939	₱ 237,470,179	₱ 197,948,863
Average of last 3 years gross income				₱ 197,948,863
Operational risk factor				20%
Total operational risk requirement				₱ 39,589,773

	2023	2022	2021	Average
Commission income	₱ 188,132,772	₱ 235,582,854	₱ 267,958,021	₱ 230,557,882
Interest income	2,201,856	411,342	493,837	1,035,678
Dividend income	203,812	203,796	203,796	203,801
Other income	499	1,272,187	779,490	684,059
	₱ 190,538,939	₱ 237,470,179	₱ 269,435,144	₱ 232,481,421
Average of last 3 years gross income				₱ 232,481,421
Operational risk factor				20%
Total operational risk requirement				₱ 46,496,284

Position risk

The risk in which a Broker Dealer is exposed to and arising from securities held by it as principal or in its proprietary or dealer account.

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

2025	Total Market Value of Instrument	Position Risk Factors	PRR
Other equities outside the PHISIX	₱ 4,000,000	35.00%	₱ 1,400,000
FX Position	9,431,172	8.00%	754,494
	₱ 13,431,172		₱ 2,154,494

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

2024	Total Market Value of Instrument	Position Risk Factors	PRR
Other equities outside the PHISIX	₱ 3,960,000	35.00%	₱ 1,386,000
FX Position	9,543,834	8.00%	763,507
	₱ 13,503,834		₱ 2,149,507

Aggregate Indebtedness

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 that the broker dealer 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 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.

32. Categories and Fair Values of Financial Assets and Liabilities

The following table presents the Company's assets and liabilities that are measured at fair value at December 31, 2025.

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Cash	₱ -	₱ -	₱ 225,610,832	₱ 225,610,832
Financial assets at FVPL	4,000,000	-	-	4,000,000
Trade receivables				
Customers	-	-	137,394,679	137,394,679
Clearing house	-	-	28,176,033	28,176,033
Financial assets at FVOCI				
<i>Quoted equity securities</i>				
The Philippine Stock Exchange	16,222,492	-	-	16,222,492
Other receivables				
Advances to officers and employees	-	-	27,436,739	27,436,739
Security deposits-other assets	-	-	332,556	332,556
	₱ 20,222,492	₱ -	₱ 418,950,839	₱ 439,173,331

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Liabilities:				
Trade payables				
Customers	₱ -	₱ -	₱ 285,795,763	₱ 285,795,763
Other brokers	-	-	23,857,454	23,857,454
	₱ -	₱ -	₱ 309,653,217	₱ 309,653,217

The following table presents the Company's assets and liabilities that are measured at fair value at December 31, 2024.

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Cash	₱ -	₱ -	₱ 230,509,696	₱ 230,509,696
Financial assets at FVPL	3,960,000	-	-	3,960,000
Trade receivables				
Customers	-	-	28,792,906	28,792,906
Clearing house	-	-	44,345,303	44,345,303
Financial assets at FVOCI				
<i>Quoted equity securities</i>				
The Philippine Stock Exchange	12,952,720	-	-	12,952,720
Other receivables				
Advances to officers and employees	-	-	30,927,167	30,927,167
Security deposits-other assets	-	-	332,556	332,556
	₱ 16,912,720	₱ -	₱ 334,907,628	₱ 351,820,348

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Liabilities:				
Trade payables				
Customers	₱ -	₱ -	₱ 172,432,538	₱ 172,432,538
Other brokers	-	-	3,501,938	3,501,938
	₱ -	₱ -	₱ 175,934,476	₱ 175,934,476

There are no financial instruments carried at fair value under Level 2 during the year.

During the year ended December 31, 2025 and 2024, there were no transfers among levels 1, 2, and 3 of fair value measurements.

For fair value measurements categorized within level 3 of value hierarchy, quantitative information about the significant unobservable inputs used in the fair value measurement (with some exceptions)

The carrying amounts of Cash, Trade Receivables - Customers, Trade Receivables - Clearing House, Other Receivables - Advances to Officers and employees and security deposit - Other Assets and Trade payables -Customers and Other brokers, which are all subject to normal trade credit terms and are short-term in nature, approximate their fair values.

For fair value measurements categorized within level 3 of the fair value hierarchy, a description of the valuation processes used by the entity.

In carrying out their valuation responsibilities, the Company is required to consider the availability and quality of the external market data or third-party information to provide justification and rationale for their fair value estimates; Valuation techniques is reviewed by the finance control division; and Responsibility for the measurement of financial instruments resides with the next immediate finance officer.

Financial assets at amortized cost

Cash, Trade Receivables - Customers, Trade Receivables – Clearing House, Trade Receivable - Other Brokers, Other Receivables - Advances to officers and employees, and Security deposits - Other Assets.

Fair values are estimated using discounted cash flow methodology. Management believes that the effect of discounting cash flows from these instruments using the prevailing market rates is not significant.

For recurring fair value measurements categorized within level 3 of the fair value hierarchy

Sensitivity of the fair value measurement to changes in unobservable inputs if change in those inputs to a different amount might result in a significantly higher or lower fair value measurement.

The significant unobservable inputs used in the fair value measurement of the Company's assets and liabilities that are categorized in level 3 of the fair value hierarchy are the probability of default and loss severity in the event of default.

Significant increase (decrease) in these inputs in isolation would result in a significantly lower (higher) fair value measurement.

For financial assets and financial liabilities, if changing one or more unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, an entity shall state that act and disclose the effect of those changes. The entity shall disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated.

The Management believes that there is no changing from one or more unobservable inputs in financial assets and liabilities that would change fair value significantly.

Categorization and the related requirements of PFRS 13 for Fair Value Through Profit or Loss.

As at December 31, 2025 and 2024, financial asset at FVPL amounting ₱4,000,000 and ₱3,960,000, respectively is categorized under level 1 (quoted prices in active markets)

Categorization and the related requirements of PFRS 13 for Trading Rights.

As at December 31, 2025 and 2024, trading rights is valued based on the latest selling price of membership stock exchange seat, as provided by the PSE amounts to ₱7.7 million and ₱8.00 million. (significant unobservable inputs).

33. Summary of Non-Cash Transactions Arising from Investing and Financing Activities

The Company has no noncash transactions arising from investing and financing activities in 2025 and 2024.

34. Other Matters

Prior Year Qualified Opinion

During the financial year ended December 31, 2024, the Company recognized a gain of ₱14,788,003 on financial assets classified as Fair Value through Other Comprehensive Income (FVOCI) in the income statement instead of Other Comprehensive Income (OCI), as required by PFRS 9 – Financial Instruments.

Under PFRS 9, unrealized and realized gains or losses on equity instruments designated as FVOCI should be recorded directly in OCI not recycled to profit or loss upon disposal. However, the management opted to recognize and recycle the disposed equity securities to profit and loss, thereby resulting to overstatement of profit before tax amounting to ₱14,788,003 and net income amounting to ₱15,499,520.

Subsequent Events

Subsequent to December 31, 2025, geopolitical tensions in the Middle East have escalated, resulting in increased volatility in global financial markets. These developments have affected equity prices, commodity markets, and foreign exchange rates.

The Company is closely monitoring the potential impact on its trading activities, client accounts, and financial instruments. As of the date of issuance of these financial statements, management is unable to reliably estimate the financial effect, if any, on the Company's financial position and results of operations.

35. Supplementary Information Required by the Bureau of Internal Revenue

Revenue Regulation No. 15-2010

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 15-2010 which took effect on December 29, 2010 which provides for additional information required to be disclosed in the notes to financial statements regarding taxes, duties and license fee, paid or accrued, during the taxable year. Specifically, the disclosure should include the following: (a) amount of Value-Added Tax (VAT) output taxes declared during the year with account title and amount/s; (b) amount of VAT Input taxes claimed; (c) landed cost of imports and the amount of customs duties and tariff fees; (d) amount of excise taxes, classified per major product category; (e) documentary stamp tax (DST) on loan instruments and other transactions; (f) all other taxes, local and national, license and permit fees lodged under taxes and licenses account both under the Cost of sales and operating expense accounts; (g) amount of withholding taxes; (h) periods covered and amounts of deficiency assessments; and (i) tax cases and amounts involved.

In compliance with the requirements set forth by RR 15-2010, the following taxes are either paid or accrued by the Company.

- The following table shows the Company's Sales and VAT output declared as of December 31, 2025 and 2024:

	2025	2024
Gross Sales	₱ 125,431,516	₱ 159,867,135
Add: Other Vatable sales	-	-
Less: Exempt Sales	-	-
VATABLE Sales	125,431,516	159,867,135
VAT Output	₱ 15,051,782	₱ 19,184,056

PAPA SECURITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

2. The amount VAT Input taxes claimed are broken down as follows:

	2025	2024
Beginning of the year		
Current year's purchases		
I. Goods and services	₱ 5,459,133	₱ 7,426,485
Application against output VAT	5,459,133	7,426,485
Balance at the end of the year	₱ -	₱ -

3. Landed Cost, Customs' Duties and Tariff Fees

The Company did not have any importations in 2025 and 2024 that would require for the payment of customs duties and tariff fees.

4. Excise Tax

The Company did not have any transactions in 2025 and 2024 which are subject to excise tax.

5. Documentary Stamp Tax

6. The Company did not have any transactions in 2025 and 2024 which are subject to documentary stamp tax.

7. Capital Gains Tax

The Company did not have any transaction that would require for the payment of capital gain tax in 2025 and 2024.

8. Taxes and Licenses

The details of taxes and licenses are shown as part of expenses follows:

	2025	2024
Local		
Mayor's permit	₱ 1,292,433	₱ 2,078,655

9. Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2025 and 2024 are as follows:

	2025	2024
National Internal Revenue Taxes		
Withholding taxes		
Withholding Tax on Compensation	₱ 5,641,771	₱ 7,864,348
Expanded Withholding Tax	4,940,838	6,157,849
Final Withholding Tax on interest income	4,935,041	503,110
	₱ 15,517,650	₱ 14,525,307

10. Deficiency Tax Assessments and Tax Cases

The Company has no pending final tax assessment with BIR for the year ended December 31, 2024.

PAPA SECURITIES CORPORATION

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS
FOR THE YEAR ENDED DECEMBER 31, 2025**

No liabilities are deemed subordinated to general creditors
for the period audited

Schedule I

PAPA SECURITIES CORPORATION

RISK-BASED CAPITAL ADEQUACY

DECEMBER 31, 2025

Assets	₱ 584,097,837
Liabilities	324,245,148
Equity	259,852,689
Adjustments to equity	
Add (Deduct):	
Allowance for market decline	-
Unrealized gain (loss) in proprietary accounts	
Deferred tax assets	-
Revaluation Reserves	
Total adjustments to equity	-
Equity Eligible for Net Liquid Capital	259,852,689
Less: Ineligible Assets	
Trading rights	7,700,000
Property and equipment, net	3,203,815
Other current and non-current assets	134,353,247
Plan assets	-
Securities not readily marketable	-
Negative exposure (SCCP)	1,122,865
Other assets, including equity investment in PSE shares	16,222,492
Total Other assets, including equity investment in PSE shares	162,602,419
NET LIQUID CAPITAL (NLC)	₱ 97,250,270
Less:	
Operational Risk Requirement	39,589,773
Position Risk Requirement	2,154,494
Counterparty Risk Requirement	68,638
Total Risk Capital Requirement	41,812,905
Net Risk Capital Adequacy Requirement	55,437,365
Liabilities	324,245,148
Less: Exclusions from Aggregate Indebtedness	
Deferred tax liabilities	(1,192,452)
AGGREGATE INDEBTEDNESS	₱ 323,052,696
REQUIRED NET LIQUID CAPITAL	16,152,635
NET RISK-BASED CAPITAL EXCESS	₱ 81,097,635
RATIO OF AGGREGATE INDEBTEDNESS TO NLC	332%
RISK BASED CAPITAL ADEQUACY RATIO	233%

Schedule II

PAPA SECURITIES CORPORATION

**INFORMATION RELATING TO THE POSSESSION OR CONTROL
REQUIREMENTS UNDER ANNEX F OF SRC RULE 49.2-1
DECEMBER 31, 2025**

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

Market Valuation	NIL
Number of items	NIL

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

Market Valuation	NIL
Number of items	NIL

Schedule III

PAPA SECURITIES CORPORATION

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
UNDER ANNEX G OF SRC RULE 49.2
DECEMBER 31, 2025**

PARTICULARS	CREDITS	DEBITS
1. Free credit balance and other credit balance in cutomers'security accounts.	₱ 308,196,593	
2. Monies borrowed collateralized by securities carried for the account of customers.	-	
3. Monies payable against customers' securities loaned.	-	
4. Customers' securities failed to receive.	-	
5. Customer balances in firm accounts which are attributable to principal sales to customer.	-	
6. Market value of stocks dividend, stock splits and similar distributions receivable outstanding over 30 calendar days old.	-	
7. Market value of securities count differences over 30 calendar days old.	-	
8. Market value of short securities and credits (not to be offset by long or by debits) in all suspense accounts over 30 calendar days	-	
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer agent or the issuer during the 40 days.	-	
10. Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection.		₱ 135,156,259
11. Securities borrowed to effectuate short sales by customer and securities borrowed to make delivery on customers' securities failed to deliver.		-
12. failed to deliver customers' securities not older than 30 calendar days.		28,176,033
13. Others:		
Total	₱ 308,196,593	₱ 163,332,292
Net Credit (Debit)	₱ 144,864,301	
Required reserve (100% of net credit if making a weekly computation and 105% if monthly)	₱ 144,864,301	

As at December 31, 2025, The Company maintains a special reserve requirement fund amounting to ₱143,032,384.
(See Note 4)

Schedule IV

PAPA SECURITIES CORPORATION

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

The management of **PAPA SECURITIES CORPORATION** maintains a system of accounting and reporting for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use of disposition and liabilities are recognized.

In this regard, no inadequacies were found to exist or found to have existed since the date of the previous audit.

Schedule V

PAPA SECURITIES CORPORATION
RESULTS OF QUARTERLY SECURITIES COUNT
CONDUCTED PURSUANT TO SRC RULE 52.1-10
DECEMBER 31, 2025

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

Schedule VI

PAPA SECURITIES CORPORATION

STOCK POSITION REPORT

December 31, 2025

NAME OF STOCKS	CUSTOMERS ACCOUNT		PHIL. CENTRAL DEPOSITORY		VAULT		DUE FROM TRANSFER OFFICE	
	Shares	Market Value	Shares	Market Value	Shares	Market Value	Shares	Market Value
APC GROUP, INC. - 25% PD	70,000	1,855	-	-	70,000	1,855		
ASIA AMALGAMATED HLDGS. CORP.	127,600	-	127,600	-				
ATOK-BIG WEDGE CO., INC. - "A"	620,204	1,277,620	620,204	1,277,620				
ABACORE CAPITAL HOLDINGS, INC.	52,838,890	13,738,111	52,838,890	13,738,111				
ABACUS 25% PD SUBS. RIGHTS	323,750	21,044	323,750	21,044				
ASIABEST GROUP INTERNATIONAL INC.	669,420	12,571,708	669,420	12,571,708				
ABS-CBN CORPORATION	414,131	1,743,492	414,131	1,743,492				
ABS-CBN HLDGS. CORP. (PDR)	1,328,433	4,529,957	1,328,433	4,529,957				
ABS VOTING PEF (WILL NOT BE LISTED)	12,440	-	-	-	12,440	-		
AYALA CORPORATION	523,000	244,764,000	521,320	243,977,760	1,380	645,840	300	140,400
ACEN CORPORATION	43,896,564	119,398,654	43,896,564	119,398,654				
ACEN CORP SERIES A PREFERRED SHARES	20,500	20,705,000	20,500	20,705,000				
ACEN CORP SERIES B PREFERRED SHARES	18,650	19,955,500	18,650	19,955,500				
AYALA CORP. CLASS A PREFERRED SHARE	18,075	45,910,500	18,075	45,910,500				
AYALA CORP. CLASS B PEF	2,000	3,976,000	2,000	3,976,000				
AYALA CORP. CLASS B PEF	3,600	7,160,400	3,600	7,160,400				
ALSONS CONS. RES., INC.	104,167,583	48,958,764	104,167,583	48,958,764				
ACR MINING CORPORATION	455,747	-	-	-	455,747	-		
AYALA CORP. VOTING PEF.	69,646	-	-	-	69,646	-		
ABOITIZ EQUITY VENTURES, INC.	367,797,032	10,298,316,896	367,286,424	10,284,019,872	7,600	212,800	503,008	14,084,224
ALLIANCE GLOBAL, INC.	17,003,790	139,261,040	16,995,790	139,195,520			8,000	65,520
ALLIANCE GLOBAL, INC. WARRANT	1,302,275	1,523,662	1,302,275	1,523,662				
ARTHALAND CORPORATION	595,656	250,176	573,906	241,041			21,750	9,135
ARTHALAND CORP. SERIES D PEF	64,960	31,505,600	64,960	31,505,600				
ARTHALAND CORP. SERIES F PEF.	15,600	7,800,000	15,600	7,800,000				
AYALA LAND, INC.	12,630,534	283,555,488	12,617,628	283,265,749	606	13,605	12,300	276,135
ALLDAY MARTS, INC.	30,114,394	933,546	30,114,394	933,546				
AYALALAND LOGISTICS HOLDINGS CORP	8,601,716	11,182,231	8,601,716	11,182,231				
ALTERNERGY HOLDINGS CORPORATION	11,009,000	9,247,560	11,009,000	9,247,560				
AGRINURTURE, INC.	458,961	247,839	458,961	247,839				
A. SORIANO CORPORATION	1,172,195	16,879,608	1,172,195	16,879,608				
ABOITIZ POWER CORP.	255,479,715	11,241,107,460	255,400,490	11,237,621,560			79,225	3,485,900
Subtotal	911,826,061	₱ 22,586,523,710	910,584,059	₱ 22,567,588,296	617,419	₱ 874,100	624,583	₱ 18,061,314

NAME OF STOCKS	CUSTOMERS ACCOUNT		PHIL. CENTRAL DEPOSITORY		VAULT		DUE FROM TRANSFER OFFICE	
	Shares	Market Value	Shares	Market Value	Shares	Market Value	Shares	Market Value
APC GROUP, INC.	144,795,000	15,348,270	144,795,000	15,348,270				
APOLLO GLOBAL CAPITAL, INC.	2,008,938,479	10,044,692	2,008,938,479	10,044,692				
ANGLO-PHIL. HLDGS. CORP.	11,591,644	8,114,151	11,591,644	8,114,151				
ALTUS PROPERTY VENTURES, INC.	141,654	1,189,894	141,654	1,189,894				
APEX MINING COMPANY, INC.	74,103,425	921,846,607	74,098,425	921,784,407			5,000	62,200.00
ABRA MINING & INDTL CORP.	489,250,000	-	484,250,000	-			5,000,000	-
ARANETA PROPERTIES, INC.	9,434,748	3,773,899	9,434,748	3,773,899				
AREIT, INC.	2,094,535	91,112,273	2,093,535	91,068,773			1,000	43,500
RASLAG CORP.	3,793,000	3,110,260	3,793,000	3,110,260				
ATLAS CONS MNG & DEVT CORP.	8,566,475	51,655,844	8,566,475	51,655,844				
ASIAN TERMINALS, INC.	79,899	2,756,516	78,899	2,722,016			1,000	34,500
ATN HOLDINGS, INC. - "A"	554,000	274,230	554,000	274,230				
ATN HOLDINGS, INC. - "B"	200,000	99,000	200,000	99,000				
ASIA UNITED BANK CORP.	1,848,726	72,470,059	1,840,876	72,162,339			7,850	307,720
AXELUM RESOURCES CORPORATION	175,978,082	415,308,274	175,978,082	415,308,274				
BALAI NI FRUITAS INC.	190,000	66,500	190,000	66,500				
BENGUET CORPORATION "A"	1,474,208	7,371,040	1,474,208	7,371,040				
BENGUET CORPORATION "B"	144,826	699,510	144,826	699,510				
BENGUET CORP.-CONV. PREF "A"	86	2,163	86	2,163				
BDO UNIBANK, INC.	12,048,974	1,621,791,900	12,046,606	1,621,473,168	916	123,294	1,452	195,439
BELLE CORPORATION	12,538,559	16,550,898	12,538,559	16,550,898				
BANCO FILIPINO SAVINGS MORTGAGE	8	-		-			8	-
BHI HOLDINGS, INC.	5,695	2,716,515	5,695	2,716,515				
BOULEVARD PROP. HLDGS. INC.	177,410,000	6,918,990	177,410,000	6,918,990				
BRIGHT KINDLE RES.& INVESTMENTS INC	251,500	163,475	251,500	163,475				
BLOOMBERRY RESORTS CORPORATION	53,356,180	135,524,697	53,346,680	135,500,567			9,500	24,130
BANK OF COMMERCE	573,900	5,279,880	573,900	5,279,880				
BANK OF THE PHIL. ISLANDS	1,449,086	168,238,885	1,445,316	167,801,188	76	8,824	3,694	428,873
A. BROWN COMPANY, INC.	4,917,593	4,573,361	4,917,593	4,573,361				
A. BROWN CO.,INC. SERIES A PREF.	20,000	1,940,000	20,000	1,940,000				
A BROWN CO., INC. SERIES B PREF.	10,000	1,004,000	10,000	1,004,000				
BASIC ENERGY CORP.	15,244,588	1,783,617	15,244,588	1,783,617				
CHELSEA LOGISTICS AND INFRASTRUCTUI	1,295,500	1,230,725	1,295,500	1,230,725				
CONCRETE AGG. CORP. "A"	569,455	27,533,149	569,455	27,533,149				
CONCRETE AGG. CORP. "B"	7,100	375,590	7,100	375,590				
CENTRAL AZUCARERA DE TARLAC	128,800	1,250,648	128,800	1,250,648				
CHINA BANKING CORPORATION	4,353,588	248,154,516	4,351,505	248,035,785			2,083	118,731
Subtotal	3,217,359,313	₱ 3,850,274,027	3,212,326,734	₱ 3,848,926,816	992	₱ 132,117	5,031,587	₱ 1,215,094

NAME OF STOCKS	CUSTOMERS ACCOUNT		PHIL. CENTRAL DEPOSITORY		VAULT		DUE FROM TRANSFER OFFICE	
	Shares	Market Value	Shares	Market Value	Shares	Market Value	Shares	Market Value
CITYLAND DEVT. CORP. "A"	12,138	7,161	12,138	7,161				
CEBU AIR, INC.	2,601,425	83,245,600	2,601,425	83,245,600				
CEBU AIR INC. CONVERTIBLE PREF SHS	791,891	27,716,185	791,891	27,716,185				
CROWN EQUITIES, INC.	22,810,800	1,642,378	22,810,800	1,642,378				
CENTRO ESCOLAR UNIVERSITY	97,786	1,535,240	97,786	1,535,240				
CONCREAT HOLDINGS PHILIPPINES, INC.	14,927,582	16,271,064	14,927,582	16,271,064				
CONCEPCION INDUSTRIAL CORP.	981,977	13,354,887	981,977	13,354,887				
CEBU LANDMASTERS, INC.	3,291,430	7,734,861	3,291,430	7,734,861				
CEBU LANDMASTERS SERIES A-1 PREF	1,000	1,000,000	1,000	1,000,000				
CEBU LANDMASTERS SERIES A-2 PREF	200	214,600	200	214,600				
CENTURY PACIFIC FOOD, INC.	252,557	9,849,723	252,557	9,849,723				
CONVERGE INFORMATION AND COM TECH	6,237,320	95,555,742	6,237,320	95,555,742				
COAL ASIA HOLDINGS, INC.	58,680,000	1,643,040	58,680,000	1,643,040				
COL FINANCIAL GROUP, INC.	15,000	21,300	15,000	21,300				
COSCO CAPITAL, INC.	3,189,387	22,293,815	3,189,387	22,293,815				
CENTURY PROPERTIES GROUP INC.	5,161,885	3,561,701	5,161,885	3,561,701				
CENTURY PEAK HOLDINGS CORP.	2,194,000	5,243,660	2,194,000	5,243,660				
CITICORE RENEWABLE ENERGY CORP.	165,464,311	708,187,251	165,464,311	708,187,251				
CITICORE ENERGY REIT CORP.	5,810,600	20,743,842	5,810,600	20,743,842				
CROWN ASIA CHEMICALS CORP.	2,702,000	4,539,360	2,702,000	4,539,360				
CTS GLOBAL EQUITY GROUP, INC.	974,000	350,640	974,000	350,640				
CYBER BAY CORPORATION	49,615,710	-	49,615,710	-				
DOUBLEDRAGON CORP.	790,168	7,332,759	789,168	7,323,479			1,000	9,280
DDMP REIT, INC.	19,675,000	20,068,500	19,675,000	20,068,500				
DOUBLEDRAGON PROP. PREF.	344,700	33,435,900	344,700	33,435,900				
DEL MONTE PACIFIC LIMITED	54,625	256,738	54,625	256,738				
DFNN, INC.	2,192,500	1,754,000	2,192,500	1,754,000				
DOMINION HOLDINGS, INC.	6,651,095	9,245,022	6,651,095	9,245,022				
DITO CME HOLDINGS CORP.	30,607,656	20,813,206	30,607,656	20,813,206				
DIZON COPPER-SILVER MINES, INC.	1,147,702	5,738,510	1,147,702	5,738,510				
DMCI HOLDINGS, INC.	11,208,614	118,138,792	11,200,614	118,054,472			8,000	84,320
D.M. WENCESLAO AND ASSO INC	71,000	355,000	71,000	355,000				
PHILAB HOLDINGS CORP.	10,097,932	-	10,097,732	-			200	-
D & L INDUSTRIES	5,900,627	22,717,414	5,900,627	22,717,414				
DISCOVERY WORLD CORP	318,000	343,440	318,000	343,440				
EASYCALL COMM PHILS. INC.- COMMON	8,649	22,487	8,649	22,487				
EAST COAST VULCAN MINING CORP.	18,460,210	4,984,257	18,460,210	4,984,257				
Subtotal	453,341,477	₱ 1,269,918,075	453,332,277	₱ 1,269,824,475	-	-	9,200	₱ 93,600

NAME OF STOCKS	CUSTOMERS ACCOUNT		PHIL. CENTRAL DEPOSITORY		VAULT		DUE FROM TRANSFER OFFICE	
	Shares	Market Value	Shares	Market Value	Shares	Market Value	Shares	Market Value
EEI CORPORATION	11,688,375	33,194,985	11,688,375	33,194,985				
EEI CORP. SERIES B PREF	282,500	27,798,000	282,500	27,798,000				
IP E-GAME VENTURES, INC.	125,510,000	-	125,510,000	-				
EVERWOODS GREEN RES. AND HOLDINGS	3,890,000	-	3,890,000	-				
EXPORT INDUSTRY BANK	10,758,224	-	10,758,224	-				
EXPORT INDUSTRY BANK "B"	1,050,000	-	1,050,000	-				
EMPIRE EAST LAND HOLDINGS, INC.	3,900,070	405,607	3,896,989	405,287	2,000	208	1,081	112
EMPERADOR, INC.	747,520	11,960,320	747,520	11,960,320				
ENEX ENERGY CORP.	210,611	703,441	210,611	703,441				
ETON PROPERTIES PHILS INC	208,000	-	208,000	-				
EURO-MED LABORATORIES PHIL. INC.	340	340	340	340				
EVER GOTESCO RES. & HLDGS. CORP.	70,000	-		-	70,000	-		
EAST WEST BANKING CORP	13,673,679	158,614,676	13,672,179	158,597,276			1,500	17,400
SAN MIGUEL FOOD AND BEVERAGE, INC.	2,751,051	151,307,805	2,730,991	150,204,505			20,060	1,103,300
FIGARO COFFEE GROUP, INC.	7,584,000	4,398,720	7,584,000	4,398,720				
FILINVEST DEVELOPMENT CORP.	51,882,375	236,064,806	51,882,375	236,064,806				
FERRONOUX HOLDINGS, INC.	385,000	1,925,000	385,000	1,925,000				
FAR EASTERN UNIVERSITY, INC.	53,907	43,125,600	53,907	43,125,600				
FILIPINO FUND, INC.	28,466	213,495	28,466	213,495				
FIRST GEN CORPORATION	15,928,567	282,572,779	15,928,567	282,572,779				
FILINVEST REIT CORP.	17,741,435	54,998,449	17,741,435	54,998,449				
FJ PRINCE HOLDINGS CORP.	32,000	83,200	32,000	83,200				
FILINVEST LAND, INC.	18,428,641	14,190,054	18,428,641	14,190,054				
FIRST METRO PHIL. EQUITY EXCHANGE	3,599	363,499	3,599	363,499				
GLOBAL FERRONICKEL HOLDINGS, INC.	209,283	282,532	208,950	282,083			333	450
ALLIANCE SELECT FOODS INTL INC.	196,843	72,832	196,843	72,832				
FORUM PACIFIC, INC. 50% PD	8,000	960		-	8,000	960.00		
FIRST PHIL. HLDGS. CORP.	1,065,387	82,034,799	1,059,007	81,543,539	2,102	161,854	4,278	329,406
FORUM PACIFIC, INC.	482,000	115,680	482,000	115,680				
FRUITAS HOLDINGS, INC.	102,000	65,280	102,000	65,280				
FIRST SOUTHERLAND DEV. CORP.	58,130	-		-	58,130	-		
FWBC HOLDINGS, INC.	257,644	-		-	257,644	-		
FILSYN CORPORATION A	1,424	3,019	1424	3,019				
GEOGRACE RESOURCES PHILS., INC.	27,127,834	2,360,122	27,127,834	2,360,122				
GLOBAL-ESTATE RESORTS, INC.	2,195,005	1,514,553	2,058,506	1,420,369	19,499	13,454	117,000	80,730
GLOBE TELECOM, INC.	85,488	135,412,992	85,488	135,412,992				
GMA NETWORK, INC.	6,791,490	36,741,961	6,791,490	36,741,961				
Subtotal	325,388,888	₱ 1,280,525,505	324,827,261	₱ 1,278,817,631	417,375	₱ 176,476	144,252	₱ 1,531,398

NAME OF STOCKS	CUSTOMERS ACCOUNT		PHIL. CENTRAL DEPOSITORY		VAULT		DUE FROM TRANSFER OFFICE	
	Shares	Market Value	Shares	Market Value	Shares	Market Value	Shares	Market Value
GMA HOLDINGS, INC. PDR	286,100	1,513,469	286,100	1,513,469				
GRAND PLAZA HOTEL CORP. - COMMON	59,646	345,350	4,752	27,514			54,894	317,836
GREENERY HOLDINGS INC.	3,224,022	580,324	3,224,022	580,324				
GINEBRA SAN MIGUEL, INC.	274,370	80,939,150	274,370	80,939,150				
GT CAPITAL HOLDINGS, INC.	208,729	124,193,755	208,393	123,993,835			336	199,920
GT CAPITAL SERIES B	69,334	69,334,000	69,334	69,334,000				
GT CAPITAL HOLDINGS VOTING PREF	40,074	-			40,074	-		
HOUSE OF INVESTMENTS, INC.	1,120,565	5,042,543	1,120,565	5,042,543				
ALLHOME CORP.	32,572,362	7,719,650	32,572,362	7,719,650				
GOLDEN MV HOLDINGS, INC.	5,123,180	5,123,180,000	5,123,180	5,123,180,000				
I-REMIT, INC.	248,768	-	248,768	-				
INTL. CONT. TERMINAL SERV INC.	2,655,164	1,505,477,988	2,653,337	1,504,442,079			1,827	1,035,909
ITALPINAS DEVELOPMENT CORP	92,075	80,105	92,075	80,105				
INTEGRATED MICRO-ELECTRONICS, INC.	3,511,872	12,186,196	3,511,872	12,186,196				
IMPERIAL RESOURCES, INC. "A"	622,410	435,687	622,410	435,687				
PHILIPPINE INFRADEV HOLDINGS, INC.	3,215,514	1,012,887	3,215,514	1,012,887				
IONICS CIRCUITS, INC.	9,467,376	9,656,724	9,467,376	9,656,724				
IPM HOLDINGS, INC.	96,000	150,720	96,000	150,720				
IPEOPLE, INC. "A"	266,971	1,601,826	266,971	1,601,826				
ISLAND INFORMATION & TECHNOLOGY IN	42,055,000	5,172,765	42,055,000	5,172,765				
JOLLIBEE FOODS CORP.	760,675	136,921,500	758,175	136,471,500			2,500	450,000
JOLLIBEE SERIES B PREF	6,780	6,739,320	6,780	6,739,320				
JG SUMMIT HOLDINGS, INC.	466,472	11,032,063	465,972	11,020,238	500	11,825		
JOLLIVILLE HOLDINGS CORP.	3,642,000	11,217,360	3,642,000	11,217,360				
KALAHY REALTY, INC.	35,884	-			35,884	-		
THE KEEPERS HOLDINGS, INC.	936,099	2,321,526	936,099	2,321,526				
KENRAM (PHILS.), INC. "A"	4,510	-			4,510	-		
KENRAM (PHILS.), INC. "B"	2,431	-			2,431	-		
KEPPEL PHILS. PROPERTIES, INC.	44,495	97,889	44,495	97,889				
KEPWEALTH PROPERTY PHILS.,INC.	30,900	36,771	30,900	36,771				
LBC EXPRESS HOLDINGS, INC.	4,701,900	41,376,720	4,701,900	41,376,720				
LEPANTO CONS MNG. CO. "A"	139,481,645	25,804,104	139,481,645	25,804,104				
LEPANTO CONS MNG. CO. "B"	39,136,943	7,318,608	39,136,943	7,318,608				
LIBERTY FLOUR MILLS, INC.	933,327	31,546,453	933,327	31,546,453				
LIBERTY TELECOMS HLDGS. INC.	3,000	-	3,000	-				
LMG CORP	500,000	125,000	500,000	125,000				
LODESTAR INVESTMENT HOLDINGS CORP	2,235,920,000	782,572,000	2,235,920,000	782,572,000				
Subtotal	2,531,816,593	₱ 8,005,732,452	2,531,673,637	₱ 8,003,716,961	83,399	₱ 11,825	59,557	₱ 2,003,665

NAME OF STOCKS	CUSTOMERS ACCOUNT		PHIL. CENTRAL DEPOSITORY		VAULT		DUE FROM TRANSFER OFFICE	
	Shares	Market Value	Shares	Market Value	Shares	Market Value	Shares	Market Value
PACIFIC ONLINE SYSTEMS CORP.	27,508,226	46,763,984	27,508,226	46,763,984				
LFM PROPERTIES CORPORATION	115,842,994	4,749,563	115,842,994	4,749,563				
LOPEZ HOLDINGS CORPORATION	113,837,723	423,476,330	113,832,323	423,456,242	1,000	3,720	4,400	16,368
LORENZO SHIPPING CORP.	66,750	40,718	66,750	40,718				
LT GROUP, INC.	2,404,177	35,533,736	2,404,177	35,533,736				
MANILA MINING CORP. "A"	951,205,990	6,943,804	951,205,990	6,943,804				
MANILA MINING CORP. "B"	205,961,252	1,482,921	205,961,252	1,482,921				
MACROASIA CORPORATION	1,961,670	8,513,648	1,961,670	8,513,648				
MACAY HOLDINGS, INC.	31,881,201	222,849,595	31,881,199	222,849,581	2	14		
METRO ALLIANCE HLDGS. "A"	18,472,157	6,834,698	18,472,157	6,834,698				
METRO ALLIANCE HLDGS. "B"	300,260	207,179	300,260	207,179				
MARCVENTURES HOLDINGS INC.	25,109,720	17,576,804	25,109,720	17,576,804				
MAXS GROUP, INC.	1,489,258	3,648,682	1,489,258	3,648,682				
MANILA BULLETIN PUBLISHING CORP.	421,868	69,186	421,868	69,186				
MANILA BROADCASTING CO.	5,800	29,174	5,800	29,174				
METROPOLITAN BANK & TRUST CO.	6,950,246	476,091,851	6,941,926	475,521,931	4,920	337,020	3,400	232,900
MEDCO HOLDINGS, INC.	16,130,000	1,451,700	16,130,000	1,451,700				
MEDILINES DISTRIBUTORS INC.	8,968,000	2,331,680	8,968,000	2,331,680				
MEGAWORLD CORPORATION	17,619,927	36,649,448	17,584,927	36,576,648	2,000	4,160	33,000	68,640
MANILA ELECTRIC CO.	256,007	146,948,018	255,587	146,706,938			420	241,080
MANULIFE FINANCIAL CORP.	514	966,320	514	966,320				
MAKATI FINANCE CORPORATION	948,885	1,432,816	948,885	1,432,816				
MILLENNIUM GLOBAL HOLDINGS, INC.	2,839,000	170,340	2,839,000	170,340				
METRO GLOBAL HOLDINGS CORPORATION	607,350	-	607,350	-				
MABUHAY HOLDINGS CORP.	245,000	28,175	245,000	28,175				
MANILA JOCKEY CLUB, INC.	139,620	-	139,620	-				
MJC INVESTMENTS CORP.	125,000	-	125,000	-				
MERRYMART CONSUMER CORP.	9,168,700	3,667,480	9,168,700	3,667,480				
MARCOPPER MINING CORP.	5,560	-		-			5,560	-
MONDRAGON INTL PHILS. INC.	697,350	-	4,140	-			693,210	-
MONDE NISSIN CORPORATION	4,107,471	23,823,332	4,106,471	23,817,532			1,000	5,800
MRC ALLIED INC.	3,743,203	3,256,587	3,705,203	3,223,527			38,000	33,060
MREIT, INC.	5,433,140	76,063,960	5,433,140	76,063,960				
METRO RETAIL STORES GROUP	3,563,900	4,098,485	3,553,900	4,086,985			10,000	11,500
MABUHAY VINYL CORP.	15,600	80,964	15,600	80,964				
MANILA WATER COMPANY, INC.	13,355,410	538,223,023	13,355,410	538,223,023				
MEGAWIDE CONSTRUCTION CORP.	936,511	2,800,168	936,511	2,800,168				
Subtotal	1,592,325,440	₱ 2,096,804,368	1,591,528,528	₱ 2,095,850,106	7,922	₱ 344,914	788,990	₱ 609,348

NAME OF STOCKS	CUSTOMERS ACCOUNT		PHIL. CENTRAL DEPOSITORY		VAULT		DUE FROM TRANSFER OFFICE	
	Shares	Market Value	Shares	Market Value	Shares	Market Value	Shares	Market Value
MEGAWIDE CONS. CORP. SERIES 5 PREF.	18,960	1,952,880	18,960	1,952,880				
MEGAWIDE CONS. CORP. SERIES 6B PREF.	30,000	3,006,000	30,000	3,006,000				
MEGAWIDE CONS. CORP. SERIES 6C PREF.	35,000	3,633,000	35,000	3,633,000				
MEGAWIDE CONS. CORP. SERIES 7A PREF.	40,000	4,016,000	40,000	4,016,000				
MEGAWIDE CONS. CORP. SERIES 7B PREF.	11,000	1,155,000	11,000	1,155,000				
MAYNILAD WATER SERVICES, INC.	1,907,900	32,243,510	1,907,900	32,243,510				
NIHAO MINERAL RES. INTL. INC.	5,115,973	1,611,531	5,115,973	1,611,531				
NICKEL ASIA CORPORATION	4,108,378	15,981,590	4,108,378	15,981,590				
NOW CORPORATION	3,950,291	2,686,198	3,950,291	2,686,198				
NATIONAL REINSURANCE CORP.	388,350	299,030	388,350	299,030				
NEXTGENESIS CORPORATION	251,950	-	251,950	-				
OCEANAGOLD PHILIPPINES INC	25,500	821,100	25,500	821,100				
OMICO CORPORATION	2,200,739	222,275	2,200,739	222,275				
ORIENTAL PET. & MIN. CORP.-A	1,875,053,647	22,500,644	1,875,053,647	22,500,644				
ORIENTAL PET. & MIN. CORP.-B	554,772,685	6,657,272	554,772,685	6,657,272				
ORIENTAL PENINSULA RES. GROUP, INC.	476,400	176,268	476,400	176,268				
THE PHILODRILL CORP.	4,932,494,095	43,899,197	4,932,494,095	43,899,197				
ORIENTAL PET. - A 50% PD @ .01	50,000	300			50,000	300.00		
ORIENTAL PET. - A 50% PD @ .02	1,158,320	6,950			1,158,320	6,949.92		
PHIL. REALTY HOLDINGS 25% PD	943,370	25,754			943,370	25,754.00		
PACIFICA HOLDINGS, INC.	157,825	149,934	157,825	149,934				
PAL HOLDINGS, INC.	139,806	531,263	139,806	531,263				
PAXYS, INC.	53,785	140,379	53,785	140,379				
PHILIPPINE BUSINESS BANK	2,250,780	17,331,006	2,250,780	17,331,006				
PHIL. BANK OF COMMUNICATIONS	16,030	267,701	16,030	267,701				
PETRON CORPORATION	159,811,653	396,332,899	159,803,853	396,313,555	4,800	11,904	3,000	7,440
PICOP RESOURCES, INC.	22,125,548	-	22,125,548	-				
PNOC EXPLORATION CORP. B	25,100	-			25,100	-		
PETROENERGY RESOURCES CORP.	574,365	2,010,278	574,365	2,010,278				
PHIL. GLOBAL COM	145,002	-			145,002	-		
PUREGOLD PRICE CLUB, INC.	1,186,635	45,092,130	1,186,135	45,073,130			500	19,000
PREMIERE HORIZON ALLIANCE CORP.	5,553,000	1,316,061	5,553,000	1,316,061				
PHILCOMSAT HOLDINGS CORP.	56,500	103,960	56,500	103,960				
PHILIPPINE ESTATES CORP.	20,000	5,600	20,000	5,600				
PHINMA CORPORATION	314,590	5,253,653	314,590	5,253,653				
PH RESORTS GROUP HOLDINGS, INC.	123,718,781	16,454,598	123,718,781	16,454,598				
PHILIPPINE INDEX FUND, CORP.	60	-			60	-		
Subtotal	7,699,182,018	₱ 625,883,960	7,696,851,866	₱ 625,812,613	2,326,652	₱ 44,908	3,500	₱ 26,440

NAME OF STOCKS	CUSTOMERS ACCOUNT		PHIL. CENTRAL DEPOSITORY		VAULT		DUE FROM TRANSFER OFFICE	
	Shares	Market Value	Shares	Market Value	Shares	Market Value	Shares	Market Value
SHAKEYS PIZZA ASIA VENTURES, INC.	21,338,031	145,098,611	21,338,031	145,098,611				
DIGIPLUS INTERACTIVE CORP	3,333,198	53,997,808	3,333,198	53,997,808				
PANASONIC MFG. PHILS., CORP.	8,659	93,517	8,659	93,517				
PRIMETOWN PROP. GROUP, INC.	654,000	-	654,000	-				
PHIL. NATIONAL BANK	878,532	47,792,141	878,432	47,786,701			100	5,440
PHIL. NATL. CONST. CORP.	35,010	-	35,010	-				
PHOENIX PETROLEUM PHILS., INC.	6,341,086	-	6,341,086	-				
PHOENIX PET. PREF. SERIES 3B	16,860	-	16,860	-				
PHOENIX PET. PHILS. SERIES 4 PREF	7,710	-	7,710	-				
GLOBALPORT 900 INC.	19,500	-	19,500	-				
PRYCE CORPORATION	1,509,331	19,923,169	1,509,331	19,923,169				
PHILTOWN PROPERTIES, INC.	116,137	-	60	-	116,077	-		
PHIL. RACING CLUB, INC.	28,622	188,905	28,622	188,905				
PREMIERE ISLAND POWER REIT CORP.	137,000	139,740	137,000	139,740				
PETRON PERPETUAL PREF 3B	5,450	5,477,250	5,450	5,477,250				
PETRON SERIES 4A PREF.	350	342,825	350	342,825				
PETRON SERIES 4B PREF.	4,200	4,179,000	4,200	4,179,000				
PETRON SERIES 4C PREF.	2,500	2,522,500	2,500	2,522,500				
PETRON SERIES 4D PREF.	2,990	2,960,100	2,990	2,960,100				
PETRON SERIES 4E PREF.	3,085	3,085,000	3,085	3,085,000				
PRIME MEDIA HOLDINGS, INC.	623,895	811,064	596,755	775,782	27,140	35,282		
PRIMEX CORPORATION	3,072,800	3,933,184	3,072,800	3,933,184				
PHILIPPINE SAVINGS BANK	12,642	682,668	12,642	682,668				
PAMPANGA SUGAR DEVT. CO.	19	-		-	19	-		
PHILIPPINE STOCK EXCHANGE, INC.	112,434	23,093,944	112,430	23,093,122	4	822		
PT AND T CORP.	1,070,998	-	1,070,998	-				
PHILEX MINING CORP.	20,203,421	200,013,868	20,203,226	200,011,937	195	1,931		
PXP ENERGY CORPORATION	3,601,827	8,572,348	3,589,274	8,542,472	194	462	12,359	29,414
RIZAL COMMERCIAL BANKING CORP	43,419,111	1,126,725,930	43,419,111	1,126,725,930				
ROXAS & COMPANY, INC.	141,902	380,297	141,902	380,297				
RL COMMERCIAL REIT INC.	16,145,462	129,486,605	16,145,462	129,486,605				
REPUBLIC GLASS HLDGS. CORP.	214,468	493,276	130,468	300,076			84,000	193,200
RFM CORPORATION	1,562,194	7,420,422	1,562,194	7,420,422				
ROBINSONS LAND CORP.	1,074,595	17,365,455	1,074,595	17,365,455				
PHIL. REALTY & HLDGS CORP.	9,527,295	1,038,475	9,527,295	1,038,475				
PHIL. REALTY & HOLDINGS 75% PD SUBS	25,632	2,097		-	25,632	2,097		
ROCKWELL LAND CORPORATION	11,838,683	21,901,564	11,837,556	21,899,479			1,127	2,085
Subtotal	147,089,629	₱ 1,827,721,763	146,822,782	₱ 1,827,451,031	169,261	₱ 40,593	97,586	₱ 230,139

NAME OF STOCKS	CUSTOMERS ACCOUNT		PHIL. CENTRAL DEPOSITORY		VAULT		DUE FROM TRANSFER OFFICE	
	Shares	Market Value	Shares	Market Value	Shares	Market Value	Shares	Market Value
ROXAS HOLDINGS, INC.	3,601,101	-	3,601,101	-				
REYNOLDS PHILIPPINES CORP.	316,569	-	28,570	-			287,999	-
ROBINSONS RETAIL HOLDINGS, INC.	524,002	17,318,266	524,002	17,318,266				
TRAVELLERS INTL HOTEL GROUP, INC.	10,000	-	10,000	-				
SOUTH CHINA PET. - 25% PD	50,000	2,275		-	50,000	2,275.00		
SBS PHILIPPINES CORPORATION	154,516	601,067	154,516	601,067				
SEMIRARA MINING AND POWER CORP.	1,960,394	55,381,131	1,960,394	55,381,131				
SECURITY BANK CORP.	2,069,304	135,849,808	2,069,304	135,849,808				
SECURITY BANK VOTING PREF	16,077	-		-	16,077	-		
PHILIPPINE SEVEN CORP.	426,384	15,776,208	426,384	15,776,208				
SWIFT FOODS, INC.	3,527,863	165,810	3,527,863	165,810				
SWIFT FOODS,INC.-CONVERTIBLE PREF.	36,314	61,371	36,314	61,371				
SOLID GROUP, INC.	35,430,000	44,996,100	35,430,000	44,996,100				
SYNERGY GRID DEV. PHILS.,INC.	12,944,040	214,353,302	12,944,040	214,353,302				
SHELL PILIPINAS CORPORATION	10,275,113	71,206,533	10,275,113	71,206,533				
SHANG PROPERTIES, INC.	4,754,459	16,830,785	4,754,423	16,830,657			36	127
SUN LIFE FINANCIAL INC.	2,380	8,187,200	2,380	8,187,200				
STA. LUCIA LAND, INC.	700,000	1,820,000	700,000	1,820,000				
SM INVESTMENT CORPORATION	261,819	183,142,391	261,819	183,142,391				
SAN MIGUEL CORP.	3,575,541	293,194,362	3,544,788	290,672,616			30,753	2,521,746
SAN MIGUEL CORP. SERIES 2-I PREF.	1,008,510	75,133,995	1,008,510	75,133,995				
SAN MIGUEL CORP. SERIES 2L PREF.	3,717,350	288,652,228	3,717,350	288,652,228				
SAN MIGUEL CORP. SERIES 2-N PREF.	1,828,370	147,183,785	1,828,370	147,183,785				
SAN MIGUEL CORP. SERIES 2-O PREF	1,663,770	134,765,370	1,663,770	134,765,370				
SAN MIGUEL CORP. SERIES 2-P PREF	6,250,600	481,296,200	1,613,500	124,239,500			4,637,100	357,056,700
SAN MIGUEL CORP. SERIES 2-Q PREF	3,817,150	296,974,270	3,712,400	288,824,720			104,750	8,149,550
SAN MIGUEL CORP. SERIES 2-R PREF	1,288,030	99,822,325	186,980	14,490,950			1,101,050	85,331,375
SAN MIGUEL CORP. SERIES 2-S PREF	1,087,500	84,607,500	747,500	58,155,500			340,000	26,452,000
SAN MIGUEL CORP. SERIES 2-T PREF	2,334,600	178,596,900	1,994,600	152,586,900			340,000	26,010,000
SAN MIGUEL CORP. SERIES 2-U PREF	2,292,000	174,192,000	1,912,000	145,312,000			380,000	28,880,000
SM PRIME HOLDINGS, INC.	13,059,341	297,100,008	13,059,341	297,100,008				
SOC RESOURCES, INC.	140,000	25,480	140,000	25,480				
SPC POWER CORPORATION	347,000	3,379,780	347,000	3,379,780				
SEAFRONT RESOURCES CORP.	282,537	666,787	282,537	666,787				
SP NEW ENERGY CORPORATION	21,544,847	25,207,471	21,544,847	25,207,471				
SPECIAL PURPOSE TRUST	327,000	-		-	327,000	-		
SSI GROUP, INC.	9,117,500	23,979,025	9,117,500	23,979,025				
Subtotal	150,741,981	₱ 3,370,469,731	143,127,216	₱ 2,836,065,958	393,077	₱ 2,275	7,221,688	₱ 534,401,498

NAME OF STOCKS	CUSTOMERS ACCOUNT		PHIL. CENTRAL DEPOSITORY		VAULT		DUE FROM TRANSFER OFFICE	
	Shares	Market Value	Shares	Market Value	Shares	Market Value	Shares	Market Value
STI EDUCATION SYSTEMS HOLDINGS, INC	6,880,840	9,701,984	6,880,840	9,701,984				
STENIEL MANUFACTURING CORP.	215,514	469,821	215,514	469,821				
VISTAMALLS, INC.	106,600	133,250	106,600	133,250				
SUNTRUST RESORT HOLDINGS, INC.	2,377,595	1,806,972	2,377,595	1,806,972				
SANITARY WARES MFTG. CORP.	20,800	-					20,800	0
TKC METALS CORPORATION	513,250	225,830	513,250	225,830				
TRANSPACIFIC BROADBAND GROUP INTL	4,165,000	553,945	4,165,000	553,945				
CIRTEK HLDGS PHILS PREF B-2 2A	151,800	378,362	151,800	378,362				
CIRTEK HLDGS PHILS PREF B-2 2C	52,400	681,200	52,400	681,200				
CIRTEK HLDGS PHILS PREF B-2 2D	91,000	751,660	91,000	751,660				
CIRTEK HOLDINGS PHILS. CORP.	2,423,928	1,527,075	2,423,928	1,527,075				
PLDT, INC.	270,234	340,494,840	269,934	340,116,840	300	378,000		
PLDT (10% PREF) SERIES S	350	-			350	-		
PTFC REDEVELOPMENT CORPORATION	405,306	18,319,831	405,306	18,319,831				
TOP FRONTIER INVESTMENT HOLDINGS	196,648	11,995,528	196,648	11,995,528				
TOP LINE BUSINESS DEV CORP	20,000	32,000	20,000	32,000				
HARBOR STAR SHIPPING SERVICES, INC.	10,445,500	6,162,845	10,445,500	6,162,845				
UNION BANK OF THE PHILS.	130,055,445	3,459,474,837	129,402,735	3,442,112,751			652,710	17,362,086
UNIHOLDINGS INC.	90	10,440	90	10,440				
UNIVERSAL RIGHTFIELD PROP. & HLDGS.	29,057,951	-					29,057,951	-
UNITED PARAGON MINING CORP.	151,377,950	877,992	151,377,950	877,992				
UNIVERSAL ROBINA CORP.	1,256,098	84,535,395	1,256,098	84,535,395				
UNIWIDE HOLDINGS, INC.	1,010,000	-	1,010,000	-				
VANTAGE EQUITIES, INC,	14,338,762	12,761,498	14,338,762	12,761,498				
VITARICH CORPORATION	1,261,750	668,728	1,261,750	668,728				
VISTA LAND LIFESCAPES, INC.	123,770,949	128,721,787	123,770,949	128,721,787				
VISTA LAND SERIES 2A PREF.	234,330	21,546,644	234,330	21,546,644				
VICTORIAS MILLING CO., INC.	1,950,782	3,374,853	1,950,762	3,374,818	20	35		
VISTAREIT, INC.	4,176,000	5,721,120	4,176,000	5,721,120				
VIVANT CORPORATION	237	4,607	237	4,607				
PHILWEB CORPORATION	17,075,438	105,867,716	17,075,438	105,867,716				
WISE HOLDINGS, INC.	1,114	-					1,114	-
WELLEX INDUSTRIES, INC.	877,089	228,043	877,089	228,043				
WILCON DEPOT	1,550,800	10,793,568	1,550,800	10,793,568				
WATERFRONT PHILS., INC.	1,150,200	465,831	1,150,200	465,831				
XURPAS INC.	29,203,100	7,242,369	29,203,100	7,242,369				
Subtotal	536,684,850	₱ 4,235,530,570	506,951,605	₱ 4,217,790,449	670	₱ 378,035	29,732,575	₱ 17,362,086

NAME OF STOCKS	CUSTOMERS ACCOUNT		PHIL. CENTRAL DEPOSITORY		VAULT		DUE FROM TRANSFER OFFICE	
	Shares	Market Value	Shares	Market Value	Shares	Market Value	Shares	Market Value
NEXGEN ENERGY CORP.	91,000	289,380	91,000	289,380				
ZEUS HOLDINGS, INC.	2,585,000	173,195	2,585,000	173,195				
<i>Subtotal</i>	<i>2,676,000 ₱</i>	<i>462,575</i>	<i>2,676,000 ₱</i>	<i>462,575</i>	<i>- ₱</i>	<i>-</i>	<i>- ₱</i>	<i>-</i>
GRAND TOTAL	17,568,432,250 ₱	49,149,846,736	17,520,701,965 ₱	48,572,306,911	4,016,767 ₱	2,005,242	43,713,518 ₱	575,534,583

PAPA SECURITIES CORPORATION
FINANCIAL RATIO ANALYSIS
For the years ended December 31, 2025 and 2024

		2025		2024	
Asset Turnover	Net income	5,607,974	0.96%	2,231,863	0.46%
	Total assets	584,097,837		486,339,462	
Fixed asset turnover	Net income	5,607,974	1.75	2,231,863	0.51
	FFE	3,203,815		4,399,073	
Debt-to-equity ratio	Total liabilities	324,245,148	1.25	188,339,623	0.63
	Equity	259,852,689		297,999,839	
Equity-to-asset ratio	Equity	259,852,689	0.44	297,999,839	0.61
	Asset	584,097,837		486,339,462	
Current ratio	Current assets	556,638,974	1.76	460,655,113	2.55
	Current liabilities	316,962,442		180,713,997	
Gross profit margin	Gross margin	48,134,700	0.38	57,190,584	0.35
	Revenue	125,739,286		162,851,846	
Operating profit margin	Income before income tax	8,037,203	0.06	2,144,157	0.01
	Revenues	125,739,286		162,851,846	
Return on equity	Net income	5,607,974	0.02	2,231,863	0.01
	Total equity	259,852,689		297,999,839	
Return on assets	Net income	5,607,974	0.01	2,231,863	0.00
	Total assets	584,097,837		486,339,462	
Net profit margin	Net income	5,607,974	0.04	2,231,863	0.01
	Revenue	125,739,286		162,851,846	
Assets to equity	Assets	584,097,837	2.25	486,339,462	1.63
	Total equity	259,852,689		297,999,839	
Debt ratio	Total liabilities	324,245,148	0.56	188,339,623	0.39
	Total assets	584,097,837		486,339,462	
Solvency	Income after tax+ Depreciation	7,136,268	0.02	3,781,311	0.02
	Total liabilities- deferred tax liabilities	319,071,117		184,888,753	
Quick acid ratio	Cash + Receivables	418,618,283	1.32	334,575,072	1.85
	Current liability	316,962,442		180,713,997	

Schedule VIII



MAM & Co.

M. A. MERCADO & Co.
Certified Public Accountants
2109 Cityland 10 Tower 1
156 H.V. Dela Costa Street Cor.
6815 Ayala Avenue North
1226 Makati City, Philippines

Phone: +63 (2) 8894-5783

+63 (2) 8893-1509

Fax: +63 (2) 8894-4793

E-mail: mercado_cpa@yahoo.com

Website: mamercado.com

INDEPENDENT AUDITORS' REPORT

The Shareholders and Board of Directors
PAPA SECURITIES CORPORATION
6F S & L Bldg. Dela Rosa St. cor. Esteban St.
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **Papa Securities Corporation** as of and for the year ended December 31, 2025, on which we have issued our attached report dated April 7, 2026.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above company has six (6) stockholders each owning more than hundred (100) or more shares.

M. A. MERCADO & CO., CPAs



MARCELINO A. MERCADO

Partner

CPA License No. 066885

Tax Identification No. 102-921-222

P.T.R. No. 10783363; Issued on January 19, 2026, Makati City

BOA Accreditation No. 5658 / P-001

Issued on December 19, 2023; Valid until November 20, 2026

SEC Accreditation No. 66885-SEC (Group B)

Issued on January 25, 2022;

Valid until 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-006173-001-2025

Issued on March 12, 2025; Valid until March 11, 2028

IC Accreditation No. 2025-0070-R (Group A)

Valid from audit years 2025 to 2027

Firm's BOA/PRC Cert. of Reg. No. 5658

Issued on December 19, 2023; Valid until November 20, 2026

Firm's SEC Accreditation No. 5658-SEC (Group B)

Issued on January 25, 2022;

Valid until 2025 financial statements of SEC covered institutions

Firm's BIR Accreditation No. 08-006173-000-2024

Issued on March 5, 2024; Valid until March 4, 2027

April 7, 2026



MAM & Co.

M. A. MERCADO & Co.

Certified Public Accountants
2109 Cityland 10 Tower 1
156 H.V. Dela Costa Street Cor.
6815 Ayala Avenue North
1226 Makati City, Philippines

Phone: +63 (2) 8894-5783

+63 (2) 8893-1509

Fax: +63 (2) 8894-4793

E-mail: mercado_cpa@yahoo.com

Website: mamercado.com

INDEPENDENT AUDITORS' REPORT

Securities and Exchange Commission

The SEC Headquarters
7907 Makati Avenue, Salcedo Village,
Bel-Air, Makati City, 1209

We have audited the financial statements of **Papa Securities Corporation** as at and for the year ended December 31, 2025, and have issued our report thereon dated April 7, 2026.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of retained earnings available for dividend declaration as of December 31, 2025 is the responsibility of the Company's management.

This supplementary information is presented for the purpose of complying with the Revised Securities and Regulation Code Rule 68, and is not part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

M. A. MERCADO & CO., CPAs



MARCELINO A. MERCADO

Partner

CPA License No. 066885

Tax Identification No. 102-921-222

P.T.R. No. 10783363; Issued on January 19, 2026, Makati City

BOA Accreditation No. 5658 / P-001

Issued on December 19, 2023; Valid until November 20, 2026

SEC Accreditation No. 66885-SEC (Group B)

Issued on January 25, 2022;

Valid until 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-006173-001-2025

Issued on March 12, 2025; Valid until March 11, 2028

IC Accreditation No. 2025-0070-R (Group A)

Valid from audit years 2025 to 2027

Firm's BOA/PRC Cert. of Reg. No. 5658

Issued on December 19, 2023; Valid until November 20, 2026

Firm's SEC Accreditation No. 5658-SEC (Group B)

Issued on January 25, 2022;

Valid until 2025 financial statements of SEC covered institutions

Firm's BIR Accreditation No. 08-006173-000-2024

Issued on March 5, 2024; Valid until March 4, 2027

April 7, 2026

PAPA SECURITIES CORPORATION
6F S & L Bldng. Dela Rosa St. cor Esteban St.
Makati City

SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2025

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		₱ 140,528,074
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings	5,607,974	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate / joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment (M2M gains)	-	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the FPRS	-	
Sub-total	5,607,974	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - losses	-	
Deferred tax assets	-	
Effect of change in accounting for employee benefits (PAS 19)	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period		5,607,974
Add(Less):		
Dividend declarations during the period	(49,350,408.00)	
Legal reserve fund	(560,797)	
Effects of prior period adjustments	-	
Treasury shares	(34,146,197)	(84,057,402)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		₱ 62,078,646

Your BIR AFS eSubmission uploads were received

From eafs@bir.gov.ph <eafs@bir.gov.ph>

Date Fri 2026-04-17 17:21

To noylomocso@papasec.com.ph <noylomocso@papasec.com.ph>

Cc noylomocso@papasec.com.ph <noylomocso@papasec.com.ph>

Hi PAPA SECURITIES CORPORATION,

Valid files

- EAFS000215520TCRTY122025-01.pdf
- EAFS000215520OHTY122025.pdf
- EAFS000215520AFSTY122025.pdf
- EAFS000215520ITRTY122025.pdf
- EAFS000215520TCRTY122025-02.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-8J7EH7LH032VYVM34M33VT4NR0NNWSQT1W**

Submission Date/Time: **Apr 17, 2026 05:21 PM**

Company TIN: **000-215-520**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.


Bureau of Internal Revenue x Bureau of Internal Revenue AFS eS- X

eafs.bir.gov.ph/eafs/fileUpload.html

AFS eSUBMISSION

RONULFO JR LOMOCOSO PAPASEC

Home Profile File Upload Transactions Sign Out



Statement Of Undertaking

In using this system, I hereby accept the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

Accept Reject

Copyright © 2020 EZY Infotech Inc. All Rights Reserved. Version 1.0.2.0

Type here to search 34°C Mostly sunny 5:20 PM 04/17/2026

Bureau of Internal Revenue x Bureau of Internal Revenue AFS eS- X


eafs.bir.gov.ph/eafs/fileUploadSuccess.html?tc=AFS-0-8J7EH7LH032VYVM34M33VT4NR0NNWSQT1W&ts=Apr+17%2C+2026+05%3A21+PM

AFS eSUBMISSION

RONULFO JR LOMOCOSO PAPASEC

Home Profile File Upload Transactions Sign Out

File Upload



All files successfully uploaded

Transaction Code:
AFS-0-8J7EH7LH032VYVM34M33VT4NR0NNWSQT1W

Submission Date/Time:
Apr 17, 2026 05:21 PM

Back To Upload

Copyright © 2020 EZY Infotech Inc. All Rights Reserved. Version 1.0.2.0

Type here to search 34°C Mostly sunny 5:21 PM 04/17/2026

AFS eSUBMISSION

RONULFO JR LOMOCOSO PAPASEC

- Home
- Profile
- File Upload
- Transactions
- Sign Out

AFS-0-8J7EH7LH032VYVM34M33VT4NR0NNWSQT1W

Upload Date	Document Type	File Name	File Size (MB)	Page Count	PDF file?
April 17, 2026 5:21:04 PM	OTHER	EAFS0002155200THY122025.pdf	0.179698	2	✓
April 17, 2026 5:21:04 PM	ITR	EAFS0002155200TRY122025.pdf	0.515926	5	✓
April 17, 2026 5:21:05 PM	TCR_2	EAFS0002155200TCRY122025-02.pdf	41.639189	273	✓
April 17, 2026 5:21:05 PM	TCR_1	EAFS0002155200TCRY122025-01.pdf	35.702828	217	✓
April 17, 2026 5:21:05 PM	AFS	EAFS0002155200AFSTY122025.pdf	15.019473	69	✓

[Back](#)



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: DONNA ENCARNADO

Receipt Date and Time: April 17, 2026 05:52:18 PM

Company Information

SEC Registration No.: 0000087873

Company Name: PAPA SECURITIES CORPORATION

Industry Classification: J66930

Company Type: Stock Corporation

Document Information

Document ID: OST104172026811238403

Document Type: Annual Audited Financial Report

Document Code: SEC_Form_52-AR

Period Covered: December 31, 2025

Submission Type: Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents