COVER SHEET

| | | |

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **June 30, 2025**

2. Commission identification number **63824**

3. BIR Tax Identification No. **000-322-268-000**

4. Exact name of issuer as specified in its charter: **CTS GLOBAL EQUITY GROUP, INC.**

5. Province, country or other jurisdiction of incorporation or organization: **Pasig City, Philippines**

6. Industry Classification Code: [ ] Use Only)

7. Address of issuer's principal office: Postal Code: **1605**
2701-B East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

8. Issuer's telephone number, including area code: **(02) 8635-5735**

9. Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA:

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	**6,875,000,000 shares**

11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes [**x**] No [ ]

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [x] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [x] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited financial statements are filed as part of this Form 17-Q.

Item 2. Management's Discussion and Analysis (MD&A) of Financial Conditions and Results of Operations.

The following is a discussion and analysis of the financial performance of CTS Global Equity Group, Inc. The discussion aims to provide readers with an appreciation of its business model and the key factors underlying its financial results. The MD&A should be read in conjunction with the unaudited financial statements of the Company filed as part of this report.

Company Overview

CTS Global Equity Group, Inc. ("CTS", or the "Company") was established to engage in the business of equities trading as a broker-dealer for the Philippine market, but through time, shifted focus to its proprietary trading deck for global equities. It uses its intellectual property assets, specifically on risk management, macroeconomics, fundamental, and technical analysis, to seek and capitalize on opportunities on a local and global scale through trading of equities listed in stock exchanges. With a combined experience of more than 100 years trading in the stock market, the proponents of the Company have developed a robust trading system that allows its traders to consistently generate returns on proprietary and client capital. The Company offers its brokerage services for securities and is listed in the Philippine Stock Exchange.

The Company's core competency was honed in the Philippine stock market and further developed overseas, particularly in the US, Hong Kong, and Japan stock markets. Through decades of active participation in these trading markets, the Company was able to develop and has continued to develop its intellectual property assets, thereby improving its competitive advantage. The Company successfully pivoted and maneuvered the challenges of the pandemic with the newly digitized training sessions, risk management monitoring, and fully automated analytics, leveling up the Company's operations.

The Company is a multi-asset firm primarily investing through fixed income and equities. Though the trading strategies on each equity are inherently diverse, the development and application of every distinct trading technique falls under the overarching trading system and rules of the FTSR Trading Framework. This framework has been developed for 40 years and is still constantly improved under the Caylum Trading Institute ("Caylum" or "CTI"), the Company's trading education partner.

The Company believes that its stock market expertise and training program are inestimable assets that can support its core vision of growing the number of traders in its pool while also being able to consistently preserve and grow the various assets under its management.

Business Segments

The Company's business segments are:

Proprietary Trading. The Company has traders with exposure in multiple global markets including the United States, Hong Kong, Japan, and the ASEAN markets. CTS' investment framework, which has been developed and refined for over the past forty years, allows the Company to consistently generate return on proprietary capital. This business segment will remain to be the Company's largest revenue contributor in the foreseeable future. In this segment, the traders generate profits for the firm in exchange for overall trader development, risk infrastructure, proprietary capital, and compensated with a fixed salary and commissions.

Brokerage Services. As one of the PSE Trading Participants, CTS renders stock brokerage and dealership services at a fee for high-net-worth clients. Revenues from this side are in fixed commissions

based on the transaction amounts. As a traditional broker, CTS clients place their buy or sell orders and receive confirmation of the execution of their transactions through licensed salesmen of the Company.

Investment Income. Aside from giving an overall guidance to the trading house's market and foreign exchange exposure, the Macroeconomics Desk and the Global Research team within CTS likewise invests in assets with a longer-term horizon. These teams specialize in conducting in-depth research to generate alpha.

Client Advisory. Using the Company's core competency in the global markets, this recently launched segment offers investment solutions to clients, delivering consistent returns while capturing equity upside.

Industry and Economic Review

The first half of 2025 was marked by persistent market volatility as investors navigated renewed trade tensions, diverging central bank policies, and ongoing geopolitical risks. A major disruption came in April when the U.S. announced unexpected tariffs on key trade partners, sparking a broad sell-off. Markets later stabilized as a 90-day pause and signs of de-escalation with China helped restore confidence. While tensions in the Middle East created occasional market jitters, their overall impact remained limited.

Equities. U.S. equities stumbled in Q1, with the S&P 500 falling around 4.6% on the back of stagflation concerns and muted corporate guidance. Q2 saw a strong recovery, led by better-than-expected earnings, easing inflation data, and policy clarity. Mega-cap tech stocks, particularly the "Magnificent 7", surged 18.6% in Q2 alone, helping push the broader market slightly positive for the half. Developed markets posted strong gains in Q2 (+11.6%), and emerging markets rallied 12.2% in USD terms, aided by a weaker dollar and improving trade sentiment. Asia saw mixed results: Japan's Nikkei 225 was down 7.4% YTD due to soft exports and a stronger yen, while Southeast Asian markets diverged based on domestic resilience and export exposure.

Commodities. Gold rallied past $3,300 per ounce by mid-year, supported by demand for inflation and geopolitical hedges. Silver followed a similar path. Oil was volatile—rising above $80 early in Q2 but retreating to around $68 by quarter-end—finishing Q2 down about 3.1%. Agricultural commodities such as cocoa, coffee, and sugar remained elevated due to continued weather disruptions and supply chain constraints.

Bonds. Fixed income markets delivered mixed performance. U.S. Treasuries experienced yield swings, with the 10-year peaking near 4.9% before falling to 4.1% by end-June. Treasuries returned roughly 3.5% in H1 as expectations for a Fed pivot grew. European bonds outperformed thanks to ECB rate cuts in April and June, which brought the deposit rate to 2.0%. Japanese bonds came under pressure amid speculation of BoJ policy normalization. Credit performed well, with investment-grade bonds up over 4% in Q2 and high-yield returning 3.6%. Inflation-linked bonds also outpaced nominal returns, delivering 4.7% over the quarter.

Currency. The U.S. dollar weakened notably in Q2, down over 7%, as softening inflation and slowing growth tempered expectations of further rate hikes. This boosted returns for non-USD assets, especially in emerging markets. Asian equities, for instance, returned 8.7% in local terms but 12.7% in USD terms due to favorable currency effects.

Looking ahead to the second half of 2025, markets remain focused on macroeconomic data, Fed policy direction, and fiscal developments—particularly the proposed "One Big Beautiful Bill Act," which could widen the U.S. deficit by over $3 trillion. JPMorgan estimates up to $500 billion in new equity inflows in H2, led by retail and international investors, potentially lifting U.S. markets another 5–10%. With volatility likely to persist, investors may benefit from maintaining a diversified and risk-aware positioning.

Business Review

Key Performance Indicators

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Revenue/ Capital	**3.0%**	4.7%
Gross Margin	**39.5%**	61.3%
Net Margin	**2.0%**	63.5%
Global Trading Gains (Losses) (in millions)	**(₱17.0)**	₱16.3
Local Trading Gains (in millions)	**₱25.7**	₱23.0
Total Revenues (in millions)	**₱58.0**	₱89.1
Net Liquid Capital (in millions)	**₱1,946.8**	₱1,955.6
Risk-Based Capital Adequacy (RBCA) Ratio	**496%**	923%

CTS' recorded revenues of ₱58.0 million as of end June 2025, a decline from ₱89.1 million in the same period last year. As a result, revenue over capital dropped to 3.0% from 4.7% in the prior period. The 35.0% decrease in revenue was largely attributed to weaker trading gains from both local and global markets, which amounted to ₱8.7 million as of end June 2025, compared to ₱39.3 million trading gain in the same period last year. Meanwhile, interest income remained a major revenue source, contributing ₱40.9 million although it fell by 9.2%.

Primarily due to lower trading gains, gross margin declined to 39.5% as of end June 2025 from 61.3% in the same period last year while cost of services rose modestly by 1.9%. Operating expenses also increased by ₱1.9 million compared to the same period last year. As a result of lower trading gains, stable interest income and moderate increase in expenses, CTS' posted a net margin of 2.0% as of end June 2025.

CTS continued to meet the stringent rules of regulators in the Philippines. As of June 2025, CTS' Risk Based Capital Adequacy Ratio (RBCA) is 496%, which is considerably higher than the minimum requirement of 110.0%. The ratio ensures that the Company has sufficient capital to sustain operating losses, if any, while maintaining a safe and efficient market.

Material Changes in Financial Condition (June 30, 2025 vs December 31, 2024)

CTS' total assets grew by 9.7% or by ₱220.8 million, to ₱2.5 billion as of end June 2025, compared to end 2024.

Cash and cash equivalents, including short-term time deposits, rose by 7.9% to ₱475.3 million from ₱440.3 million at the end of 2024. The movement resulted from various factors: dividend payment of ₱30.0 million, net proceeds of ₱21.4 million from the sale and repurchase of bonds and reported loss of ₱5.8 million. This was partially offset by non-cash adjustments totaling ₱31.1 million, which included depreciation, unrealized trading losses, and unrealized foreign exchange losses. Additionally, there was a net increase in Philippine equity securities by ₱115.1 million, a ₱61.2 million increase in payables to the clearinghouse, settlement of end-2024 accrued expenses amounting to ₱9.2 million, and an increase in customer portfolio balances due to receipt of June dividends on their behalf.

Financial assets at fair value through profit or loss (FVPL) rose to ₱693.0 million from ₱65.4 million as of end 2024, due to increased positions in equity securities both locally and abroad. The rise was largely driven by a strong recovery in U.S. equities in the latter part of second quarter, supported by sustained earnings growth, easing trade tensions and a technical breakout. In addition, the PSEi remained relatively stable, supported by a stable peso and favorable economic indicators.

Trade receivables dropped to ₱12.3 million from ₱440.2 million as of end 2024, mainly due to the reversal of a foreign broker-related receivable to a payable position, resulting from the company's margin trading activities.

Investments in government fixed-income securities declined by 1.1% or by ₱13.2 million primarily due to ₱238.7 million in bond sales, ₱217.3 million in new bond purchases, ₱9.7 million mark-to-market gain on FVOCI-classified securities, and ₱1.6 million in bond amortization.

As of end June 2025, investments in government fixed-income securities classified as financial assets at FVOCI (for purposes of collecting contractual cash flows and selling financial assets) amounted to ₱1.2 billion.

The interest rates of investments in government securities ranges from 6.75% to 7.50% p.a. Additionally, cumulative unrealized gain on changes in fair value of financial assets at FVOCI amounted to ₱22.5 million as of end June 2025.

CTS' investments in government fixed-income securities form part of its strategy to boost interest income and help cover operating expenses, leveraging the debt securities market as a stable source of recurring income. To manage risks associated with these investments, CTS employs a comprehensive approach that includes diversification, duration and credit risk management, continuous monitoring of economic conditions, prudent position sizing, and maintaining a targeted yield profile. These measures aim to mitigate risks and support the achievement of CTS' investment objectives.

Property and equipment declined by 16.4% due to ₱2.2 million in depreciation, while investment property decreased by 3.8%, due to ₱0.3 million in depreciation. Intangible assets also decreased by 8.7% due to ₱0.4 million in amortization.

Net deferred tax assets increased by 20.2% to ₱27.2 million. The account comprises of deferred tax assets, mainly from CTS' net operating loss for carryover and retirement liability, amounting to ₱28.0 million and ₱7.7 million, respectively, and deferred tax liability, mainly from CTS' unrealized foreign exchange gains and unrealized gain on changes in fair value of financial assets at FVOCI, amounting to ₱8.9 million and ₱5.6 million, respectively.

Other current assets declined by 16.2% to ₱14.9 million from ₱17.8 million, mainly consisting of ₱7.6 million in excess tax credits and ₱6.0 million in interest receivables from government fixed-income investments. Other noncurrent assets increased by ₱0.5 million mainly due to refundable clearing fund contributions.

Total liabilities increased by 109.7% to ₱463.2 million as of end June 2025, up from ₱220.9 million at end-2024. This increase was mainly due to a ₱141M payable position with a foreign broker arising from the company's margin trading activities, as well as higher client cash balances due to dividends received on their behalf. These were partially offset by settlement during the year of end-2024 accrued expenses and government payables.

Stockholders' equity declined by 1.0% to ₱2.0 billion, as a result of by ₱1.2 million in net income, ₱7.3 million in unrealized gains on FVOCI-classified government securities, net of tax, and ₱30.0 million in dividends paid.

Material Changes in the Results of Operations (June 30, 2025 vs June 30, 2024)

CTS recorded ₱58.0 million in revenues as of end June 2025, down 34.9% from ₱89.1 million a year ago, mainly due to lower trading gains of ₱8.7 million versus ₱39.2 million last year. The decline reflects heightened market volatility in the first half of 2025, driven by U.S. tariff policies, diverging central bank actions, and geopolitical tensions. While the S&P 500 fell by 4.6% in Q1, it rebounded in Q2 bringing year-to-date gains to 5.5%. In contrast, the PSEi declined by 2.4%.

On the other hand, interest income from fixed-income securities and bank deposits, amounting to ₱40.9 million, remained a key revenue contributor despite a 9.2% decline due to local policy rate cuts – from 6.50% as of June 30, 2024, to 5.25% as of June 30, 2025. Meanwhile, cost of services rose slightly by 1.9%, or by ₱0.7 million.

As a result of the revenue drop, CTS' gross margin stood at 39.5% as of end June 2025, from 61.3% in the same period last year, translating to a gross margin of ₱22.9 million versus ₱54.7 million in the same period last year.

Operating expenses rose by 12.3%, or by ₱1.9 million, primarily due to increased depreciation, higher utility and power costs, and higher business permit tax.

On a consolidated basis, personnel costs rose slightly by 0.4% to ₱24.4 million.

Other losses amounting to ₱11.3 million is mainly due to unrealized foreign exchange loss movement during the period on the Company's foreign-currency account with a broker abroad. The peso strengthened, closing at ₱56.581 per US$1 as of end June 2025 compared to ₱58.014 per US$1 as of end-2024.

The income tax benefit of ₱7.0 million pertains to deferred tax assets booked amounting to ₱4.3 million and ₱2.7 million, arising from temporary differences on unrealized trading losses and unrealized foreign exchange losses, respectively.

Primarily due to insufficient margins to cover operating expenses and unrealized foreign exchange loss, and an income tax benefit arising from temporary differences, CTS reported a net income of ₱1.2 million by end June 2025.

Material Changes in Financial Condition (June 30, 2024 vs December 31, 2023)

CTS's asset base increased by 2.0% or by ₱44.3 million to ₱2.2 billion as of end June 2024 compared to its end December 2023 level.

Cash and cash equivalents (including short-term time deposits) decreased by 15.6% to ₱405.0 million as of end June 2024 from ₱479.6 million as of end 2023 mainly due to the following: income before tax of ₱62.4 million, net increase in equity securities held by ₱246.1 million, decrease in trade receivables by ₱137.4 million mainly due to deployment of deposit with other broker for equity securities purchase, net increase in deposits by clients by ₱25.3 million, adjustment for noncash income such as unrealized gain on financial assets at FVPL and unrealized foreign exchange gain totaling ₱28.8 million, adjustment for noncash expense on depreciation amounting to ₱2.5 million.

Financial assets at FVPL increased to ₱263.4 million as of end June 2024, from ₱7.0 million as of end 2023, mainly due to outstanding equity securities held locally and abroad.

Trade receivables stood at ₱270.1 million as of end June 2024, from ₱389.2 million as of end 2023, mainly due to deployment of deposit with other broker for equity securities purchase in foreign stock markets and increase in receivable from clearinghouse by ₱30.4 million as there were more selling transactions as of end June 2024 compared to the last two trading days of 2023.

Investments in government fixed-income securities decreased by 1.6% or by ₱20.5 million primarily due to mark-to-market loss of ₱19.2 million as of end June 2024 on government fixed-income securities classified as financial assets at fair value thru other comprehensive income (FVOCI) and net bond amortization of ₱1.3 million.

As of end June 2024, investments in government securities classified as financial assets at amortized cost (for held-to-maturity (HTM) investments) and financial assets at FVOCI (for purposes of collecting contractual cash flows/selling financial assets) amounted to ₱ 464.3 million and ₱ 769.4 million, respectively.

The interest rates of investments in government securities at amortized cost and at FVOCI ranges from 4.63% to 7.50% p.a. and 6.25% to 7.25% p.a., respectively. Additionally, cumulative unrealized loss on changes in fair value of financial assets at FVOCI amounted to ₱6.4 million as of end June 2024.

CTS' investments in government fixed-income securities are part of CTS' strategy to boost interest income and cover CTS' operating expenses as global inflation remains affecting market stability and debt securities market provided an alternative opportunity for fixed stream of income. On the other hand, CTS' current liabilities or short-term obligations are sufficiently covered by current assets consisting mainly of cash and cash equivalents resulting in the current ratio of 4.55.

CTS' risk management on its investments in government securities includes diversifying, managing the duration, assessing credit risk, actively monitoring (of economic indicators and economic developments), and sizing positions appropriately, to mitigate the risks and increase the likelihood of achieving CTS' investment objectives.

Property and equipment increased by 19.3% mainly due to additions to leased office space renovation costs amounting to ₱4.3 million and depreciation of ₱1.9 million. Investment property decreased by 3.6% due to depreciation of ₱0.3 million.

Net deferred tax asset decreased by 5.0% to ₱16.9 million as of end June 2024 compared to ₱17.8 million as of end 2023. The account comprises of deferred tax assets pertaining to CTS' net operating loss for carryover, retirement liability and unrealized loss on changes in fair value of financial assets at FVOCI amounting to ₱22.3 million, ₱6.9 million, and ₱1.6 million, respectively, and deferred tax liability of ₱15.1 million mainly due to unrealized foreign exchange gains.

Other current assets decreased by 4.4% to ₱16.4 million as of end June 2024 compared to ₱17.1 million as of end 2023. The account is generally composed of interest receivables of ₱7.0 million from government fixed-income investments and excess tax credit of ₱7.5 million. On the other hand, other noncurrent assets slightly increased by ₱0.4 million mainly due to refundable clearing fund contributions as of end June 2024.

Total liabilities increased by 10.5% to ₱212.4 million as of end June 2024 from ₱192.2 million as of end 2023. The net movement is mainly due to increase in deposits from clients by ₱25.3 million brought about by net selling on their portfolio and decrease in accrued expenses and government payables as end 2023 amounts were settled during the first quarter of 2024.

Stockholders' equity went up by 1.2% to ₱ 2.0 billion as of end June 2024 as a result of ₱56.6 million in net income as of end June 2024 and mark-to-market loss on investment in government fixed-income securities at FVOCI, net of tax, of ₱14.4 million.

Material Changes in the Results of Operations (June 30, 2024 vs June 30, 2023)

CTS's revenues improved by 159.6% to ₱89.1 million as of end June 2024 from ₱34.3 million as of end June 2023 mainly due to higher trading gains booked in the first half of 2024 which stood at ₱39.3 million, compared to ₱19.1 million loss in the same period last year. CTS was able to capitalize on the equities rally during the first half of 2024 as certain sectors thrived particularly in the big tech companies despite continued volatility due to inflation and geopolitical concerns among others.

Cost of services went up by 10.5% or by ₱3.3 million because of increase in personnel costs booked under cost of services while partially offset by lower transaction costs related to trading.

As revenues grew at a faster pace compared to cost of services, gross margin improved to 61.2% as of end June 2024 from 8.8% as of end June 2023 level, or to ₱54.5 million as of end June 2024 from ₱3.0 million as of June 2023.

Operating expenses increased by ₱2.8 million as of end June 2024 mainly due to increase in personnel costs booked under operating expenses.

Personnel costs, booked under cost of services and operating expenses, increased to ₱24.3 million as of end June 2024 compared to ₱20.0 million of the same period last year. The increase in personnel costs is mainly because of the impact of employee salary adjustments in the fourth quarter of 2023.

Other income as of end June 2024 amounting to ₱23.3 million pertains to unrealized foreign exchange gain on the Company's foreign-currency denominated deposits with a broker abroad. The exchange rates closed at ₱58.868 and ₱55.36 on June 30, 2024 and 2023, respectively.

Mainly due to higher gross profit by ₱51.5 million, marginal increase in operating expenses by ₱2.8 million, and foreign exchange gain of ₱23.3 million, CTS booked an income before tax of ₱62.4 million as of end June 2024 compared to its end June 2023 loss before tax of ₱13.1 million.

The provision for current income tax of ₱0.2 million pertains to minimum corporate income tax. The Company sustained a net operating loss position, for tax purposes, of ₱6.1 million as of end June 2024 since the interest income from investments in government fixed-income securities and short-term time deposits are already subjected to 20% final tax and are therefore already exempt from normal income tax computation purposes. On the other hand, the provision for deferred income tax is mainly due to unrealized foreign exchange gain as of end June 2024.

As a result of the foregoing movements, CTS' reported a net income of ₱56.6 million as of end June 2024, a reversal from its end June 2023 net loss of ₱0.4 million.

Other Matters

a. CTS is not aware of any known trends, demands, commitments, events, or uncertainties that will have a material impact on the Company's liquidity.

b. The Company does not anticipate any cash flow or liquidity problem in the next 12 months. The Company is not in default or breach of any indebtedness or financing arrangement requiring payments. The Company has paid its trade payables within the trade terms stated.

c. CTS is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

d. CTS is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

e. CTS is not aware of any material commitments for capital expenditures.

f. CTS is not aware of any known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations of the Company.

g. CTS is not aware of any significant elements of income or loss that did not arise from the Company's continuing operations.

h. CTS is not aware of any seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

PART II – OTHER INFORMATION

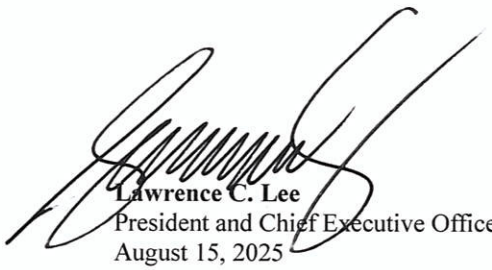
Not applicable. There are no material disclosures that have not been reported under SEC Form 17-C covered by this period.

SIGNATURES

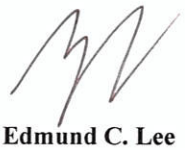
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: **CTS GLOBAL EQUITY GROUP, INC.**

By:



Lawrence C. Lee
President and Chief Executive Officer
August 15, 2025



Edmund C. Lee
Chief Finance Officer
August 15, 2025

CTS GLOBAL EQUITY GROUP, INC.

STATEMENTS OF FINANCIAL POSITION

		June 30, 2025 (Unaudited)			December 31, 2024 (Audited)		
			Security Valuation			Security Valuation	
	Note	Money Balance	Long	Short	Money Balance	Long	Short
ASSETS							
Current Assets							
Cash and cash equivalents	6	**₱475,281,454**			₱440,287,230		
Financial assets at fair value through profit or loss (FVPL)	7	**692,963,170**	**₱692,963,170**		65,382,724	₱65,382,724	
Trade receivables	8	**12,304,125**	**3,722,117**		440,150,621	69,949,250	
Other current assets	10	**14,914,598**			17,788,920		
Total Current Assets		**1,195,463,347**			963,609,495		
Noncurrent Assets							
Investments in government securities	9	**1,238,414,180**			1,251,635,729		
Intangible assets	11	**4,262,289**			4,668,775		
Property and equipment	12	**11,212,193**			13,407,642		
Investment property	13	**8,035,314**			8,356,726		
Deferred Tax Assets - net	21	**27,172,368**			22,602,772		
Other noncurrent assets	14	**13,790,737**			13,277,080		
Total Noncurrent Assets		**1,302,887,081**			1,313,948,724		
Total Assets		**₱2,498,350,428**			₱2,277,558,219		
Securities in Vault, Transfer Offices, and Philippine Depository and Trust Corporation				**₱8,481,459,880**			₱8,320,992,243
LIABILITIES AND EQUITY							
Current Liabilities							
Trade payables	15	**₱424,072,094**	**7,784,774,593**		₱172,519,052	8,185,660,269	
Lease liabilities - current portion	20	**727,566**			1,820,166		
Other current liabilities	16	**7,508,915**			15,621,883		
Total Current Liabilities		**432,308,575**			189,961,101		
Noncurrent Liabilities							
Lease liabilities - net of current portion	20	**–**			14,850		
Net retirement benefit liability	19	**30,924,504**			30,924,504		
Total Noncurrent Liabilities		**30,924,504**			30,939,354		
Total Liabilities		**463,233,079**			220,900,455		
Equity							
Capital stock	4	**687,500,000**			687,500,000		
Additional paid-in capital		**1,223,556,878**			1,223,556,878		
Retained earnings:							
Appropriated	4	**20,680,849**			14,227,456		
Unappropriated		**84,528,920**			119,831,530		
Other equity reserves		**18,850,702**			11,541,900		
Total Equity		**2,035,117,349**			2,056,657,764		
Total Liabilities and Equity		**₱2,498,350,428**	**₱8,481,459,880**	**₱8,481,459,880**	₱2,277,558,219	₱8,320,992,243	₱8,320,992,243

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

		For the Six Months Ended June 30		For the Quarter Ended June 30	
	Notes	**2025**	2024	**2025**	2024
REVENUES					
Interests	6	**₱40,922,839**	₱45,068,939	**₱19,725,963**	₱23,181,070
Trading gains on financial assets at FVPL - net	7	**8,707,443**	39,251,040	**981,894**	18,415,378
Dividends	7	**6,308,706**	2,548,275	**3,418,509**	899,201
Commissions		**2,087,323**	2,259,456	**1,001,683**	1,435,932
		58,026,311	89,127,710	**25,128,049**	43,931,581
COSTS OF SERVICES					
Personnel costs	18	**17,076,181**	17,006,930	**8,630,253**	8,348,756
Commissions		**7,812,520**	7,094,894	**4,762,639**	4,631,401
Transaction costs		**6,617,099**	6,675,317	**3,232,399**	3,178,331
Research		**1,381,402**	1,346,201	**699,369**	666,972
Stock exchange dues and fees		**1,209,676**	1,249,583	**564,966**	586,713
Communications		**593,227**	593,677	**295,789**	296,764
Central depository fees		**420,620**	484,727	**205,958**	227,162
		35,110,725	34,451,329	**18,391,373**	17,936,099
GROSS PROFIT		**22,915,586**	54,676,381	**6,736,676**	25,995,482
OPERATING EXPENSES					
Personnel costs	18	**7,318,363**	7,288,684	**3,698,680**	3,578,038
Condominium dues, power, and water		**1,263,060**	1,090,179	**647,965**	676,605
Insurance and bonds		**1,216,854**	1,019,670	**612,308**	481,948
Trainings and seminars		**1,181,510**	630,555	**452,557**	332,662
Taxes and licenses		**692,136**	506,634	**192,136**	304,348
Security services		**618,221**	592,797	**311,188**	301,255
Communications		**397,834**	411,519	**200,604**	213,452
Directors' fees		**180,000**	65,000	**140,000**	25,000
Membership fees and dues		**141,045**	175,482	**70,523**	66,500
Subscriptions		**138,345**	129,893	**69,172**	64,963
Repairs and maintenance		**122,887**	62,521	**30,799**	38,998
Professional fees		**100,000**	100,000	**50,000**	50,000
Office supplies		**95,781**	160,060	**47,340**	90,252
Custodian fees		**90,920**	90,000	**45,000**	45,000
Transportation and travel		**41,918**	40,470	**24,244**	23,534
Others		**616,985**	519,119	**202,933**	223,849
		14,215,859	12,882,583	**6,795,449**	6,516,404
Depreciation and amortization	11	**3,063,382**	2,491,341	**1,527,411**	1,254,163
Interest expense	20	**104,219**	146,003	**16,785**	91,429
Provision for (reversal) credit losses	8	**40,451**	(577)	**40,451**	(577)
		17,423,911	15,519,350	**8,380,096**	7,861,419
OTHER INCOME (EXPENSE)					
Foreign exchange gains (losses) - net		**(10,829,857)**	23,277,307	**(6,114,132)**	19,079,544
Loss on sale of investment in government securities		**(486,894)**	–	**–**	–
		(11,316,751)	23,277,307	**(6,114,132)**	19,079,544
INCOME (LOSS) BEFORE INCOME TAX		**(₱5,825,076)**	₱62,434,338	**(₱7,757,552)**	₱37,213,607

(Forward)

	Note	For the Six Months Ended June 30		For the Quarter Ended June 30	
		2025	2024	**2025**	2024
INCOME TAX EXPENSE (BENEFIT FROM INCOME TAX)	21				
Current		**₱–**	₱174,152	**₱–**	₱53,201
Deferred		**(7,005,859)**	5,688,756	**(2,219,504)**	4,398,112
		(7,005,859)	5,862,908	**(2,219,504)**	4,451,313
NET INCOME (LOSS)		**1,180,783**	56,571,430	**(5,538,048)**	32,762,294
OTHER COMPREHENSIVE INCOME					
To be reclassified to profit or loss in subsequent periods					
Unrealized gain (loss) on changes in fair value of debt securities at FVOCI	9	**9,745,070**	(19,176,549)	**(9,252,290)**	(12,299,953)
Deferred income tax benefit (expense)		**(2,436,268)**	4,794,137	**2,313,072**	3,074,988
		7,308,802	(14,382,412)	**(6,939,218)**	(9,224,965)
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱8,489,585**	₱42,189,018	**(₱12,477,266)**	₱23,537,329
Basic/Diluted Earnings Per Share	22	**₱0.000172**	₱0.008229	**(₱0.000806)**	₱0.004765

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2025

(With Comparative Figures for the Six Months Ended June 30, 2024)

					Retained Earnings		Other Equity Reserves		
	Note	Capital Stock	Additional Paid-In Capital	Appropriated	Unappropriated	Total	Cumulative Unrealized Gain (Loss) on Changes in Fair Value of FA at FVOCI	Cumulative Remeasurement Gain on Retirement Benefit Liability	Total Equity
Balances at December 31, 2024		**₱687,500,000**	**₱1,223,556,878**	**₱14,227,456**	**₱ 119,831,530**	**₱134,058,986**	**₱9,613,643**	**₱1,928,257**	**₱2,056,657,764**
Declaration of cash dividends	**4**	**–**	**–**	**–**	**(30,030,000)**	**(30,030,000)**	**–**	**–**	**(30,030,000)**
Net income		**–**	**–**	**–**	**1,180,783**	**1,180,783**	**–**	**–**	**1,180,783**
Appropriation	**4**	**–**	**–**	**6,453,393**	**(6,453,393)**	**–**	**–**	**–**	**–**
Other comprehensive gain	**9**	**–**	**–**	**–**	**–**	**–**	**7,308,802**	**–**	**7,308,802**
Balances at June 30, 2025		**₱687,500,000**	**₱1,223,556,878**	**₱20,680,849**	**₱84,528,920**	**₱105,209,769**	**₱16,922,445**	**₱1,928,257**	**₱2,035,117,349**

					Retained Earnings		Other Equity Reserves		
	Note	Capital Stock	Additional Paid-In Capital	Appropriated	Unappropriated	Total	Cumulative Unrealized Gain (Loss) on Changes in Fair Value of FA at FVOCI	Cumulative Remeasurement Gain on Retirement Benefit Liability	Total Equity
Balances at December 31, 2023		₱687,500,000	₱1,223,556,878	₱11,927,718	₱75,747,336	₱87,675,054	₱9,561,051	₱1,106,973	₱2,009,399,956
Declaration of cash dividends	4	–	–	–	(18,150,000)	(18,150,000)	–	–	(18,150,000)
Net income		–	–	–	56,571,430	56,571,430	–	–	56,571,430
Appropriation	4	–	–	2,299,738	(2,299,738)	–	–	–	–
Other comprehensive loss	9	–	–	–	–	–	(14,382,412)	–	(14,382,412)
Balances at June 30, 2024		₱687,500,000	₱1,223,556,878	₱14,227,456	₱111,869,028	₱126,096,484	(₱4,821,361)	₱1,106,973	₱2,033,438,974

CTS GLOBAL EQUITY GROUP, INC.

UNAUDITED STATEMENTS OF CASH FLOWS

	Note	For the Six Months Ended June 30 **2025**	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**(₱5,825,076)**	₱62,434,338
Adjustments for:			
Interest income	6	**(40,922,839)**	(45,068,939)
Unrealized fair value losses (gains) on financial assets at FVPL - net	7	**17,202,520**	(5,559,312)
Unrealized foreign exchange losses (gains) - net		**10,829,857**	(23,277,307)
Dividend income	7	**(6,308,706)**	(2,548,275)
Depreciation and amortization	11	**3,063,382**	2,491,341
Interest expense	20	**41,918**	146,003
Provision for (reversal of) credit losses	8	**40,451**	(577)
Operating loss before working capital changes		**(21,878,493)**	(11,382,728)
Decrease (increase) in:			
Financial assets at FVPL		**(646,696,193)**	(246,118,931)
Trade receivables		**419,003,502**	137,444,760
Other current assets		**1,319,400**	1,191,462
Other noncurrent assets		**(513,657)**	(395,273)
Increase (decrease) in:			
Trade payables		**251,553,042**	25,314,701
Other current liabilities		**(8,112,968)**	(4,189,249)
Net cash used for operations		**(5,325,367)**	(98,135,258)
Interest received		**44,082,352**	46,435,763
Dividend received		**6,296,808**	2,090,669
Income taxes paid		**(3,863)**	(174,152)
Interest paid		**–**	(43,144)
Net cash provided by (used in) operating activities		**45,049,930**	(49,826,122)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Investments in government securities	9	**(217,270,122)**	–
Property and equipment	12	**(140,036)**	(4,196,754)
Intangible assets		**–**	(1,464,643)
Proceeds from:			
Sale of investment in government securities	9	**238,629,666**	–
Net cash provided by (used in) investing activities		**21,219,508**	(5,661,397)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends		**(30,030,000)**	(18,150,000)
Payments of lease liabilities	20	**(1,149,368)**	(1,093,050)
Net cash used in financing activities		**(31,179,368)**	(19,243,050)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**35,090,070**	(74,730,569)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(95,846)**	56,551
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**440,287,230**	479,631,777
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	**₱475,281,454**	₱404,957,759

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

CTS Global Equity Group, Inc. (the Company), doing business under the trade names and styles of CTS Global, CTS Global Equities, CTS Global Securities, CTS Securities, and Citisecurities doing business under the trade names and styles of CTS Global, CTS Global Equities, CTS Global Securities, CTS Securities, and Citisecurities, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 22, 1975. The Company is a licensed broker/dealer of securities with the SEC, and both a stockholder and holder of a trading right of the Philippine Stock Exchange (PSE).

On April 13, 2022, the Company was listed in the PSE under the stock symbol CTS. The Company listed 1,375.0 million common shares at an offer price of ₱1.00 per share (see Note 4).

The registered office address of the Company is 27/F East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC).

The statements of financial position contain some additional information in line with the requirements of Rule 52.1 of the Implementing Rules and Regulations of the Securities Regulation Code (SRC).

Measurement Bases

The financial statements are presented in Philippine Peso (Peso), the Company's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The financial statements have been prepared on a historical cost basis, except for:

- Financial assets measured at FVPL;
- Financial assets measured at fair value through other comprehensive income (FVOCI);
- Retirement benefit liability that is carried at the present value of defined benefit obligation less fair value of plan assets; and
- Lease liabilities that are carried at initial recognition at the present value of the remaining lease payments, discounted using an appropriate discount rate.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses observable market data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the following valuation techniques:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is disclosed in the following notes to the financial statements:

- Note 5 - Fair Value Measurement
- Note 7 - Financial Assets at FVPL
- Note 9 - Investments in Government Securities
- Note 13 - Investment Property

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective or Adopted

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at January 1, 2025 and have not been applied in preparing the financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged or cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduce a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets and the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at FVOCI. Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

    - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

    - Amendments to PFRS 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9*,* the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to *'transaction price as defined*

by PFRS 15, Revenue from Contracts with Customers' to *'the amount determined by applying PFRS 15'* to remove potential confusion. Earlier application is permitted.

- Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027 -

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income, and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

Classification of Assets and Liabilities between Current and Noncurrent

The Company presents current and noncurrent assets, and current and noncurrent liabilities, as separate classifications in the notes to financial statements.

Current Assets. The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within 12 months after the reporting period; or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Otherwise, the Company will classify all other assets as noncurrent.

Current Liabilities. The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within 12 months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Company will classify all other liabilities as noncurrent.

Financial Instruments

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

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when 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.

"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 the "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.

Financial Assets

Initial Recognition and Measurement. Financial assets are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVPL, and (c) financial assets at FVOCI.

The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for credit and impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at June 30, 2025 and December 31, 2024, the Company's cash and cash equivalents, trade receivables, certain government securities, interest receivables, receivables from employees, and dividends receivable (included under "Other current assets" account in the statements of financial position), and refundable deposits (included under "Other noncurrent assets" account in the statements of financial position) are classified under this category (see Notes 6, 8, 9, 10, and 14).

Financial Assets at FVPL. Financial assets 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 that the Company had not irrevocably elected to classify at FVOCI at initial recognition.

Dividends from equity instruments held at FVPL 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.

Financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at June 30, 2025 and December 31, 2024, the Company's investments in various listed equity securities are classified under this category (see Note 7).

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met:

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

These debt securities are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method) and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. Fair value changes are recognized in OCI and presented in the equity section of the statements of financial position. 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.

As at June 30, 2025 and December 31, 2024, certain investments in government securities are classified under this category (see Note 9).

Reclassification. The Company reclassifies its financial assets 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 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 OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

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.

Impairment of Financial Assets at Amortized Cost. For trade receivables, the Company has applied the simplified approach, and has calculated the expected credit losses (ECL) based on lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

For other financial assets measured at amortized cost, the Company applies a general approach in calculating ECL. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its other receivables since initial recognition.

The Company considers a financial asset in default when contractual payments are 30 days past due, unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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

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

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

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

financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized cost, the initial measurement is net of any directly attributable transaction costs.

Classification. The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at June 30, 2025 and December 31, 2024, the Company does not have financial liabilities at FVPL.

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

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

Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at June 30, 2025 and December 31, 2024, the Company's trade payables, other current liabilities (excluding statutory payables), and lease liabilities are classified under this category (see Notes 15, 16, and 20).

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or 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 profit or loss.

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.

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.

Intangible Assets
Intangible assets pertain to software and licenses, and exchange trading right.

Software and Licenses. Software and licenses are measured on initial recognition at cost. Subsequent to initial recognition, software and licenses are carried at cost less accumulated amortization and any accumulated impairment losses. Software and licenses are amortized over its estimated economic life of 10 years and assessed for impairment whenever there is an indication that the software and licenses may be impaired.

The amortization period and method are reviewed at least at each reporting date. Changes in the expected economic life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Exchange Trading Right. Exchange trading right is initially measured at cost. It is an intangible asset with indefinite useful life, and is tested for impairment annually. Exchange trading right is not amortized but is carried at cost less accumulated impairment losses, if any. The exchange trading right is deemed to have indefinite useful lives as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. The assumption that the exchange trading right remains to be an intangible asset with an indefinite life is reviewed annually to determine whether this continues to be supportable as such. If not, the carrying amount of the asset is amortized over its remaining useful life on a straight-line basis unless a more appropriate amortization method is warranted. Any impairment losses determined are recognized in profit or loss.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation, amortization, and any impairment losses.

The initial cost of property and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the property and equipment:

	Number of Years
Office condominium units and improvements	10 to 20
Leasehold improvements	10 or lease term, whichever is shorter
Furniture, fixtures, and office equipment	2 to 5

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

Fully-depreciated assets are retained in the account until they are no longer in use and no further change for depreciation is made in respect of those assets.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization, and any accumulated impairment losses are removed from the accounts.
Any resulting gain or loss is recognized in profit or loss.

Investment Property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost, less accumulated depreciation and any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property.

Depreciation of investment property is calculated on a straight-line basis over a 20-year estimated useful life. The estimated useful life and depreciation method are reviewed periodically to ensure that these are consistent with expected pattern of economic benefits of investment property.
Investment property is derecognized when either they have been disposed of or the investment property is permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment property are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

For transfers from investment property to owner-occupied properties or inventories, the cost for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such in accordance with the policy under property and equipment up to the date of change in use.

Other Nonfinancial Assets

Other nonfinancial assets pertain to excess tax credits and prepayments.

Excess Tax Credits. Excess tax credits pertain to creditable withholding tax (CWT) and prepaid income tax. CWT pertains to tax on the Company's income withheld and remitted to the Bureau of Internal Revenue (BIR) by customers and deducted from income tax payable on the same year the income was recognized. Prepaid income tax pertains to excess income tax payments of the Company over the amount due. Unapplied or excess income tax payments are carried forward and can be utilized in succeeding years.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be realized for not more than 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, except for the exchange trading right where test of impairment is done annually. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount that would be received to sell an asset in an orderly transaction between participants at the measurement date less costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Value-Added Tax (VAT)

VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

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

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

The net amount of VAT payable to the taxation authority is included as part of "Other current liabilities" accounts in the statements of financial position.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued and outstanding.

Additional Paid-in Capital (APIC). APIC represents the proceeds and/or fair value of consideration received in excess of the par value of the shares issued. Incremental costs directly attributable to the issuance of new common stocks are recognized as deduction to APIC, net of any tax effects.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss, net of any dividend declarations. At each reporting date, net income or loss of the Company is transferred to retained earnings.

Appropriated retained earnings pertain to the restricted portion which is intended for the reserve fund in compliance with the SRC Rule 49.1 (B). Unappropriated retained earnings pertain to the unrestricted portion available for dividend declaration.

Other Comprehensive Income (Loss). Other comprehensive income (loss) consists of items of income and expense that are not recognized in profit and loss in accordance with PFRS Accounting Standards. Other comprehensive income (loss) of the Company pertains to cumulative unrealized gains or losses on changes in fair value of financial assets at FVOCI, net of related deferred tax, and cumulative remeasurement gains or losses on retirement liability, net of related deferred tax, which is presented as "Other equity reserves".

Revenue Recognition

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

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

Commissions. These pertain to the revenue from brokerage transactions, which are recorded on trade date basis as trade transaction occurs.

The following specific recognition criteria must also be met for other revenues:

Interests. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield of the asset, net of final tax.

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

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

established.

Client Advisory Income. These are generally recognized over the period when the related service is provided.

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

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Costs of Services. Costs of services such as direct personnel costs, commissions, transaction costs, research costs, stock exchange dues and fees, central depository fees, and communication costs are recognized when the related revenue is recognized or when the service is rendered.

Operating Expenses. Operating expenses incurred by the Company such as indirect personnel costs, utility costs, and other operating expenses are administrative overhead costs and recognized in profit or loss when incurred.

Employee Benefits

Short-term Benefits. The Company recognizes short-term employee benefits based on contractual arrangements with employees. Any unpaid portion of the short-term employee benefits is measured on an undiscounted basis and included as part of "Other current liabilities" account in the statements of financial position.

Retirement Benefits. Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit liability is performed annually by a qualified actuary. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The Company recognizes service costs, comprising of current service costs and past service costs in profit or loss. Net interest costs on retirement benefit liability is presented as part of "Interest expense" account in the statements of comprehensive income.

The Company determines the net interest expense by applying the discount rate to the net defined liability at the beginning of the year, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Remeasurements of the net retirement benefit liability, comprising of actuarial gains and losses, return on plan assets (excluding interest), and effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI and are not reclassified to profit or loss in subsequent periods.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The net retirement benefit liability recognized by the Company is the aggregate of the present value of the defined benefit liability reduced by the fair value of plan assets, out of which the

obligations are to be settled directly. The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement benefit liability. Actuarial valuations are made so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Leases

The Company assesses whether the contract is, or contains, a lease at the inception of the contract. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component. The Company recognizes a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

Company as a Lessee. At the commencement date, the Company recognizes an ROU asset and a lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date of the lease contract, the Company measures an ROU asset (presented as part of property and equipment account) at cost. The initial measurement of ROU assets includes the following:

- The amount of the initial measurement of lease liability;
- Lease payments made at or before the commencement date less any lease incentives received;
- Initial direct costs; and
- An estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are depreciated over the shorter of the lease terms or the useful lives of the underlying assets.

Lease Liabilities. At commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees; and

- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonable certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest expense on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss, unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences that are expected to increase future taxable income. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from the unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred tax is recognized in profit or loss, except to the extent that it relates to a business combination or items directly recognized to equity or in OCI.

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

Related Party Transactions

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

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. Related parties may be individual or corporate entities. Transactions between related parties are accounted for at arm's-length prices or on terms similar to those offered to non-related parties in an economically comparable market. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the Company's total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the Company's total assets.

Foreign Currency-Denominated Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Segment Reporting

The Company reports separate information about each operating segment identified. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components; from whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment; and for which discrete information is available.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies

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

Earnings per Share (EPS)

Basic EPS is calculated by dividing the net income (less preferred dividends net of tax, if any) for the year attributable to common stockholders by the weighted average number of common stocks outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted EPS is computed by dividing net income by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stock splits, or reverse stock splits during the year, and adjusted for the effect of dilutive options.

3. Summary of Significant Judgments, Accounting Estimates, and Assumptions

The preparation of the financial statements requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the financial statements and related notes. The judgments and accounting estimates, and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

The following are the significant judgments, accounting estimates, and assumptions by the Company:

Judgments

Determination of the 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 Philippine Peso, which is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences economic value of the income and costs from the Company's operations.

Classification and Measurement of Financial Assets. Classification and measurement of financial assets depends on the results of the "solely for payments of principal and interests" and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

The Company monitors financial assets measured at FVPL, FVOCI, or amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the

remaining financial assets are held continues to be appropriate. Otherwise, change in the business model should result to a change in the classification of those financial assets.

As at June 30, 2025 and December 31, 2024, the Company's investments in various listed equity securities are classified as financial assets at FVPL, while investments in government securities are classified as financial assets at FVOCI (see Notes 7 and 9).

Cash and cash equivalents, trade receivables, interest receivables, receivables from employees and dividends receivable (included under "Other current assets" account in the statements of financial position), and refundable deposits (included under "Other noncurrent assets" account in the statements of financial position) were classified as financial assets at amortized cost because the Company's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows solely for principal and interest (see Notes 6, 8, 10, and 14).

Determination of the Lease Term of Contracts with Renewal and Termination Options - Company as Lessee. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The enforceable portion of the lease term (i.e. legal term of the contract) was considered in the computation of ROU assets and lease liabilities.

Determination of the Operating Segments. Determination of operating segments is based on the information about components of the Company that the management uses to make decisions about operating matters. The Company is organized into operating segments based on business activities as allowed under PFRS 8, *Operating Segments,* due to their similar characteristics.

As at June 30, 2025 and December 31, 2024, the Company determined that it has two operating segments, which pertain to local and global trading (see Note 23).

Accounting Estimates and Assumptions

Fair Value Measurement of Financial Instruments. The fair values of securities that are actively traded in organized financial markets are determined by reference to unadjusted quoted market prices at the close of business on the reporting date.

When the fair values of financial assets recorded in the statements of financial position cannot be measured based on quoted prices in active market, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to this model are taken from observable market when possible, but when 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.

In accordance with the amendments to PFRS 7, *Financial Instruments: Disclosures*, disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the statements of financial position.

Assumptions and methods of determining the fair values of financial instruments are presented in Note 5 to the financial statements.

Assessment of the ECL on Trade Receivables. The Company, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Company then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for credit losses on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

The carrying amounts of trade receivables and related allowance for credit losses as at and for the years ended June 30, 2025 and December 31, 2024 are disclosed in Note 8 to the financial statements.

The Company determines the allowance for ECL using general approach. The Company calculates ECL for its other financial assets at amortized cost at initial recognition by considering the occurrences and probabilities of possible defaults only for the next 12 months, rather than the life of the asset. It continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized, unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for credit losses on other financial assets at amortized cost was recognized in June 2025 and 2024.

The carrying amounts of the other financial assets at amortized cost (cash and cash equivalents, investments in government securities excluding investments in government securities measured at FVOCI, interest receivables, receivables from employees, dividends receivable, refundable deposits) as at June 30, 2025 and December 31, 2024 are disclosed in Notes 6, 9, 10, and 14 to the financial statements.

Estimation of the Useful Lives of Intangible Assets, Property and Equipment (including Right-of-Use Assets), and Investment Property. The exchange trading right is deemed to have indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. The useful lives of software and licenses, property and equipment, and investment property are estimated based on the period over which the assets are expected to be available for use and are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of software and licenses, property and equipment, and investment property.

The useful lives are updated if expectations differ from previous estimates due to physical wear and tear, and technical and commercial obsolescence. Any reduction in the estimated useful lives of these assets would increase the Company's recorded operating expenses and decrease noncurrent assets.

There is no change in the estimated useful lives of software and licenses, property and equipment, and investment property in June 2025 and 2024.

Assessment of the Impairment of Nonfinancial Assets. The Company assesses impairment on intangible assets, property and equipment (including right-of-use assets), investment property, and other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or Company of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

No impairment loss was recognized on intangible assets, property and equipment, investment property, and other nonfinancial assets in June 2025 and 2024.

The carrying amounts of the nonfinancial assets (other current assets excluding interest receivables, receivables from employees, and dividends receivable, intangible assets, property and equipment, investment property, and other noncurrent assets excluding refundable deposits) as at June 30, 2025 and December 31, 2024 are disclosed in Notes 10, 11, 12, 13, and 14 to the financial statements.

Determination of the Incremental Borrowing Rate (IBR). The Company uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using available observable inputs (such as the prevailing Bloomberg Valuation Service (BVAL) interest rates) adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

The Company has applied weighted average IBR ranging from 4.90% to 6.30% as of June 30, 2025 and December 31, 2024 for the computation of lease liabilities and ROU assets.

The carrying amounts of ROU assets and lease liabilities as at June 30, 2025 and December 31, 2024 are disclosed in Note 20 to the financial statements.

Determination of the Retirement Liability. The determination of the obligation and cost of retirement benefit is dependent on the assumptions used by the actuary in calculating such amounts.

The assumptions are described in Note 19 to the financial statements and include, among others, discount rates and salary increase rates. Actual results that differ from the Company's assumptions are recognized in OCI and, therefore, generally affect the recorded obligation in such future periods.

The carrying amounts of net retirement benefit liability as at June 30, 2025 and December 31, 2024 are disclosed in Note 19 to the financial statements.

Recognition of Deferred Tax Assets. The Company reviews the carrying amount of deferred tax assets at each reporting date and adjusts the balance to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized within the period allowed by the tax regulations.

Recognized deferred tax assets as at June 30, 2025 and December 31, 2024 are disclosed in Note 21 to the financial statements. The Management believes that the Company will be able to generate sufficient taxable income against which these deferred tax assets can be utilized.

4. Financial Risk Management Objectives and Policies

The main risks arising from the Company's use of financial instruments include credit risk, liquidity risk, and market risk. The Company's overall risk management process focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

Credit Risk

The Company's exposure to credit risk arises when the counterparty fails to fulfill its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of trade receivables and other financial assets at amortized cost.

The carrying amounts of the financial assets at amortized cost represent its maximum credit exposure, without taking into account any collateral, other credit enhancements or credit risk mitigating features.

The table below presents the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired, if any, are separately presented.

	June 30, 2025 (Unaudited)			
	12-month ECL	Lifetime ECL – Not Credit-Impaired	Lifetime ECL – Credit-Impaired	Total
Financial asset at amortized cost:				
Cash in banks and cash equivalents	**₱475,251,454**	**₱–**	**₱–**	**₱475,251,454**
Trade receivables	**–**	**12,304,125**	**397,329**	**12,701,454**
Investments in government securities	**–**	**–**	**–**	**–**
Interest receivables**	**5,976,352**	**–**	**–**	**5,976,352**
Receivables from employees**	**265,017**	**–**	**–**	**265,017**
Dividend receivable**	**20,731**	**–**	**–**	**20,731**
Refundable deposits***	**13,399,096**	**–**	**–**	**13,399,096**
	₱494,912,650	**₱12,304,125**	**₱397,329**	**₱507,614,104**

	December 31, 2024 (Audited)			
	12-month ECL	Lifetime ECL – Not Credit-Impaired	Lifetime ECL – Credit-Impaired	Total
Financial asset at amortized cost:				
Cash in banks and cash equivalents	₱440,257,230	₱–	₱–	₱440,257,230
Trade receivables	–	440,150,621	356,878	440,507,499
Investments in government securities*	464,463,427	–	–	464,463,427
Interest receivables**	7,546,844	–	–	7,546,844
Receivables from employees**	673,929	–	–	673,929
Dividend receivable**	9,024	–	–	9,024
Refundable deposits***	12,998,068	–	–	12,998,068
	₱925,948,522	₱440,150,621	₱356,878	₱1,366,456,021

**Excluding investments in government securities measured at FVOCI.*
***Included under "Other current assets" account in the statements of financial position.*
****Included under "Other noncurrent assets" account in the statements of financial position.*

The Company has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics.

Trade Receivables
The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments analyzed by customer type, credit terms, and number of days outstanding. The Company adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment (i.e. percentage change in gross domestic product). At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

The Company limits its exposure to credit risk by maintaining its cash and cash equivalents with highly reputable and pre-approved financial institutions and by transacting with recognized and creditworthy counterparties. In addition, customers are initially assessed for creditworthiness based on their profile (i.e., financial capacity, reputation, collateral). The Company also monitors receivable balances regularly. In accordance with the Risk-Based Capital Adequacy (RBCA) requirements, limits are imposed to avoid large exposure to a single client or counterparty and single equity relative to a particular issuer company or group of companies. Furthermore, credit exposures are minimized by collateral held in the form of securities purchased.

The aging analysis of the Company's receivables from customers arising from brokering transactions is as follows:

	June 30, 2025 (Unaudited)		
Days from Transaction Date of Counterparty	**Amount**	**Collateral (Net of Haircut)**	**Counterparty Exposure**
1 - 2 days	**₱167,579**	**₱167,579**	**₱–**
3 - 13 days	**–**	**–**	**–**
14 - 31 days	**266,665**	**183,692**	**41,487**
Over 31 days	**356,575**	**733**	**355,842**
	₱790,819	**₱352,004**	**₱397,329**

	December 31, 2024 (Audited)		
Days from Transaction Date of Counterparty	Amount	Collateral (Net of Haircut)	Counterparty Exposure
1 - 2 days	₱–	₱–	₱–
3 - 13 days	–	–	–
14 - 31 days	–	–	–
Over 31 days	366,726	51,272,712	356,878
	₱366,726	₱51,272,712	₱356,878

The SRC requires broker/dealers to maintain a stock record for each cash and margin account of every customer regardless of the frequency of transactions. The stock record is a record of accountability reflecting all securities for which the Company has custodial responsibility or proprietary ownership. Transactions in the customer accounts cover both money balances and security positions, with the security transaction and related money generally recorded on the settlement date.

On a regular basis, collateral valuations of customers' accounts are analyzed to ensure that these are sufficient to cover the outstanding balances due to the Company.

As at June 30, 2025 and December 31, 2024, receivables from customers amounting to ₱0.8 million and ₱0.4 million, respectively, are secured by collateral comprising of equity securities of listed companies with a total market value of ₱3.7 million and ₱69.9 million, respectively (see Note 8).

Receivables from other brokers pertain to funds held by other brokers for the Company's global trading activities. Receivables from customers arising from client advisory services pertain to receivables from the Company's consultancy services for customers who intend to trade in global stock markets. The Company has assessed that ECL on these receivables are insignificant because the counterparties are companies with good credit standing and low risk of defaults. Further, the funds held by other brokers as at the end of the reporting period were subsequently reinvested to various equity and debt securities in other foreign markets. On the other hand, receivables from clearing house are due and collectible after two business days from the transaction date. Accordingly, no provision for credit losses was recognized on receivables from other brokers and clearing house and receivables from customers arising from client advisory services in June 30, 2025 and 2024.

Other Financial Assets at Amortized Cost
It is the Company's policy to measure ECL on other financial assets at amortized cost on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company has assessed, considering the factors discussed in Note 3 to the financial statements, that the ECL on other financial assets at amortized cost is insignificant because the transactions with respect to these financial assets are with reputable banks and companies with good credit standing and low risk of defaults. Accordingly, no provision for credit losses was recognized in June 2025 and 2024 on other financial assets at amortized cost.

Liquidity Risk
Liquidity risk arises when the Company encounters difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Company's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The Company monitors its cash flows, particularly the receivables from customers' collections and the funding requirements of operations, to ensure an adequate balance of inflows and outflows. Further, special reserve requirements for the customers of the Company are maintained in the bank (see Note 6).

The tables below summarize the maturity profile of the financial liabilities of the Company based on remaining undiscounted cash flows:

	June 30, 2025 (Unaudited)				
	On Demand	**1 to 3 Months**	**More than 3 to 12 Months**	**More than 1 to 5 Years**	**Total**
Trade payables	**₱424,072,094**	**₱–**	**₱–**	**₱–**	**₱424,072,094**
Lease liabilities	**–**	**547,673**	**189,550**	**–**	**737,223**
Other current liabilities*	**–**	**2,237,756**	**–**	**–**	**2,237,756**
	₱424,072,094	**₱2,785,429**	**₱189,550**	**₱–**	**₱427,047,073**

**Excluding statutory liabilities amounting to ₱5.3 million as at June 30, 2025.*

	December 31, 2024 (Audited)				
	On Demand	1 to 3 Months	More than 3 to 12 Months	More than 1 to 5 Years	Total
Trade payables	₱172,519,052	₱–	₱–	₱–	₱172,519,052
Lease liabilities	–	574,684	1,269,895	15,000	1,859,579
Other current liabilities*	–	682,133	10,689,928	–	11,372,061
	₱172,519,052	₱1,256,817	₱11,959,823	₱15,000	₱185,750,692

**Excluding statutory liabilities amounting to ₱4.2 million as at December 31, 2024.*

Market Risks

The Company is exposed to market risks, primarily those related to foreign currency risk and equity price risk. Management actively monitors these exposures, as follows:

Foreign Currency Risk. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk. The Company's policy is to maintain foreign currency exposure within acceptable limits and within the existing regulatory guidelines. The Company believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for a financial institution engaged in the type of business in which the Company is engaged.

The following table shows the Company's foreign currency-denominated monetary financial assets and financial liabilities:

	June 30, 2025 (Unaudited)			
	United States (US) Dollar	**Philippine Peso**	**Indonesian (ID) Rupiah**	**Philippine Peso**
Financial assets:				
Cash in banks	**$65,329**	**₱3,696,393**	**Rp–**	**₱–**
Receivables from other brokers	**200,576**	**11,348,776**	**1,022,373**	**3,578**
Financial assets at FVPL	**9,364,461**	**529,850,585**		
Financial liabilities:				
Payable to other broker	**(2,499,219)**	**(141,408,328)**	**–**	**–**
Net exposure	**$7,131,147**	**₱403,487,426**	**Rp1,022,373**	**₱3,578**

	December 31, 2024 (Audited)			
	United States (US) Dollar	Philippine Peso	Indonesian (ID) Rupiah	Philippine Peso
Financial assets:				
Cash in banks	$78,472	₱4,552,453	Rp–	₱–
Receivables from other brokers	7,073,365	410,354,192	1,022,373	3,681
Financial assets at FVPL	299,123	17,353,330	–	–
Net exposure	$7,451,230	₱432,275,665	Rp1,022,373	₱3,681

For purposes of restating the outstanding balances of the Company's foreign currency-denominated monetary financial assets as at June 30, 2025, the exchange rates applied are ₱56.581 and ₱0.0035 per US$1 and IDR1, respectively. As at December 31, 2024, the exchange rates applied were ₱58.014 and ₱0.0036 per US$1 and IDR1, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar and ID Rupiah exchange rates, with all other variables held constant, of the Company's income before tax and equity. There is no other impact on the Company's equity other than those already affecting profit or loss.

	June 30, 2025 (Unaudited)		
	Net Exposure	**Increase/Decrease in Exchange Rate**	**Effect on Income Before Income Tax**
US Dollar	**$7,131,147**	**1.03**	**₱7,334,224**
		(1.03)	**7,334,224**
ID Rupiah	**Rp1,022,373**	**0.0001**	**₱90**
		(0.0001)	**(90)**

	December 31, 2024 (Audited)		
	Net Exposure	Increase/Decrease in Exchange Rate	Effect on Income Before Income Tax
US Dollar	$7,451,230	1.10	₱8,196,353
		(1.10)	(8,196,353)
ID Rupiah	Rp1,022,373	0.0001	₱90
		(0.0001)	(90)

Equity Price Risk. Equity price risk arise when the fair values of quoted equity securities decrease as the result of the adverse changes in the quoted equity prices as affected by both rational and irrational market forces. The Company's equity risk exposure is mainly from its financial assets at FVPL.

The Company's policy is to maintain the risk to an acceptable level. Movement in share price is monitored regularly to determine the impact on its financial position.

Capital Management

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

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

The Company, being a broker/dealer in securities, is regulated by the PSE and the SEC and subject to the following capital requirements in accordance with the SRC.

Required Capitalization for Broker/Dealers

In compliance with SRC Rule 28 of the *2015 Implementing Rules and Regulations of Securities Regulation Code*, trading participants, who will be participating in a registered clearing agency, are required to have a reserve capital of ₱100.0 million effective November 9, 2015.

Unimpaired paid-up capital pertains to the Company's paid-up capital less any deficit. The unimpaired paid-up capital of the Company amounted to ₱1,911.1 million as at June 30, 2025 and December 31, 2024.

Details of the Company's common shares at ₱0.10 par value per share are as follows:

	June 30, 2025 (Unaudited)		December 31, 2024 (Audited)	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized Capital Stock				
Balance at beginning of year	**8,000,000,000**	**₱800,000,000**	8,000,000,000	₱800,000,000
Effect of stock split	**–**	**–**	–	–
Balance at end of year	**8,000,000,000**	**₱800,000,000**	8,000,000,000	₱800,000,000
Issued and Outstanding				
Balance at beginning of year	**6,875,000,000**	**₱687,500,000**	6,875,000,000	₱687,500,000
Addition	**–**	**–**	–	–
Effect of stock split	**–**	**–**	–	–
Balance at end of year	**6,875,000,000**	**₱687,500,000**	6,875,000,000	₱687,500,000

On April 13, 2022, the Company was listed in the PSE and issued 1,375.0 million shares from the Company's unissued capital stock at an offer price of ₱1.00 per share. The proceeds from the IPO amounted to ₱1,375.0 million. The excess of ₱1.00 offer price over ₱0.10 par value of the issued shares, equivalent to ₱1,237.5 million, was recognized as additional paid-in capital. Costs directly attributable to IPO that were recognized as deduction from additional paid-in capital amounted to ₱13.9 million. Offer expenses incidental to the IPO amounted to ₱21.7 million, ₱13.9 million of which are recognized as deduction to the additional paid-in capital.

Portion of the net proceeds for the IPO were used in the Company's scaling of global trading operations and general corporate purposes as at June 30, 2025.
The unapplied proceeds amounting to ₱659.7 million as at June 30, 2025 are maintained in the Company's cash in bank and certain investments in government securities. The unapplied proceeds will be used for the Company's scaling of global trading operations to capitalize on investment opportunities that align with its long-term strategic objectives.

The Company's BOD approved the declaration and payment of the following cash dividends:

Date of Declaration	Record Date	Payment Date	Dividend per Share	Amount
May 09, 2025	May 28, 2025	June 18, 2025	₱0.001877	₱12,904,375
May 09, 2025	May 28, 2025	June 18, 2025	0.002491	17,125,625
May 10, 2024	May 30, 2024	June 19, 2024	0.000669	4,599,375
May 10, 2024	May 30, 2024	June 19, 2024	0.001971	13,550,625
May 12, 2023	June 9, 2023	July 5, 2023	0.000776	5,335,000
May 12, 2023	June 9, 2023	July 5, 2023	0.002328	16,005,000

Reserve Fund

The Company shall annually appropriate a certain minimum percentage of its previous year's audited net income and transfer the same to "Appropriated Retained Earnings" in compliance with SRC Rule 49.1 (B).

The Company appropriated a reserve fund amounting to ₱6.5 million, ₱2.3 million, and ₱5.2 million in 2025, 2024, and 2023, respectively.

The total amount of appropriated retained earnings amounted to ₱20.7 million, ₱14.2 million, and ₱11.9 million as at June 30, 2025, December 31, 2024 and 2023, respectively.

Net Liquid Capital (NLC)

The Company is required, at all times, to have and maintain an NLC of at least ₱5.0 million or 5% of its Aggregate Indebtedness (AI), whichever is higher.

In computing for NLC, all non-allowable assets/equities and collateralized liabilities will be deducted, and allowable liabilities and equities are added to equity per books. The equity eligible for NLC pertains to the sum of the following:

- Equity per books;
- Liabilities subordinated to the claims of creditors in conformity with SRC Rule 49.1 and in accordance with a prescribed schedule; and
- Deposits for future stock subscription for which an application for increase in capital stock or request for exemption for registration has been presented for filing or has been filed with the SEC.

The equity eligible for NLC shall exclude deferred income tax, revaluation reserves, and minority interest and any outside investment in affiliates and associates. In computing for NLC, the equity eligible for NLC is adjusted by the following:

- Adding unrealized gains (or deducting unrealized losses) in the accounts of the Company;
- Deducting fixed assets and assets which cannot be readily converted into cash (less any AI in accordance with SRC Rule 49.1);
- Deducting general guarantees and indemnities for loans and indebtedness other than those incurred by the Company, unless otherwise permitted by the SEC; and
- Deducting long and short securities differences.

AI shall mean the total money liabilities of a broker/dealer arising in connection with any transaction, and includes, among others, money borrowed, money payable against securities loaned and securities failed to receive, market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers and margin securities borrowed from non-customers), customers' and non-customers' free credit balances, and credit balances in customers' and non-customers' accounts having short positions in securities, but excluding the items set out in SRC Rule 49.1 (1) (D).

The Company's NLC met the minimum prescribed amounts as shown below:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
NLC:		
Equity eligible for NLC	**₱1,993,061,384**	₱2,018,635,679
Less ineligible assets	**46,218,047**	49,943,275
	1,946,843,337	1,968,692,404
Required NLC:		
Higher of:		
5% of AI	**18,859,543**	9,807,348
Minimum amount	**5,000,000**	5,000,000
	18,859,543	9,807,348
Net risk-based capital excess	**₱1,927,983,794**	₱1,958,885,056

Ratio of AI to NLC

The Company shall not permit its AI to all other persons to exceed 2,000% of its NLC.

The Company's ratio of AI to NLC is 19% and 10% as at June 30, 2025 and December 31, 2024, respectively.

RBCA Requirement/Ratio

The RBCA requirement/ratio refers to the minimum level of capital to be maintained by firms which

are licensed or securing a broker/dealer license, taking into consideration the firm size, complexity, and business risk. Such risks that are considered in determining the capital requirement include, among others, operational, position, counterparty, large exposure, underwriting, and margin financing risks. The RBCA ratio should be greater than or equal to 1.1.

The RBCA ratio is the ratio linking the NLC of the Company to its Total Risk Capital Requirement (TRCR), calculated as the Company's NLC divided by its TRCR. The TRCR is the sum of:

- Operational Risk Requirement (ORR);
- Credit Risk Requirement which include requirements for Counterparty Risk, Settlement Risk, Large Exposure Risk, and Margin Lending/Financing Risk; and
- Position or Market Risk Requirement.

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
NLC	**₱1,946,843,337**	₱1,968,692,404
TRCR:		
Operational risk	**29,081,322**	27,886,792
Credit risk	**63,503,452**	34,341,494
Position risk	**300,182,317**	87,212,331
Total risk capital requirement	**₱392,767,091**	₱149,440,617
RBCA ratio	**496%**	1,317%

As at June 30, 2025 and December 31, 2024, the Company is compliant with the required RBCA ratio.

Ratio of Core Equity to ORR

The Company's core equity shall be at all times greater than its ORR.

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

The Company's ratio of core equity to ORR is as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Capital stock	**₱687,500,000**	₱687,500,000
Additional paid-capital	**1,223,556,878**	87,675,054
Beginning retained earnings	**134,058,986**	1,223,556,878
Less: Dividends declared	**(30,030,000)**	(18,150,000)
Core equity	**2,015,085,864**	1,980,581,932
ORR	**29,081,322**	27,886,792
Ratio of Core Equity to ORR	**6,929%**	7,102%

5. Fair Value Measurement

The following table presents the carrying amount and fair value of the Company's assets measured at fair value and for which fair value is disclosed, and the corresponding fair value hierarchy:

		June 30, 2025 (Unaudited)			
			Fair Value		
	Note	**Carrying Amount**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets measured at fair value:					
Financial assets at FVPL	7	**₱692,963,170**	**₱692,963,170**	**₱–**	**₱–**
Investments in government securities measured at FVOCI	9	**1,238,414,180**	**1,238,414,180**	**–**	**–**
Assets for which fair value is disclosed:					
Investment property	13	**8,035,314**	**–**	**42,900,120**	**–**
		₱1,939,412,664	**₱1,931,377,350**	**₱42,900,120**	**₱–**

		December 31, 2024 (Audited)			
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	7	₱65,382,724	₱65,382,724	₱–	₱–
Investments in government securities measured at FVOCI	9	787,172,302	787,172,302	–	–
Assets for which fair value is disclosed:					
Investment property	13	8,356,726	–	42,900,120	–
Investments in government securities measured at amortized cost	9	464,463,427	–	482,373,197	–
		₱1,325,375,179	₱852,555,026	₱525,273,317	₱–

The Company used the following valuation techniques to determine fair value measurements:

Financial Assets at FVPL. The Company's financial assets at FVPL as at June 30, 2025 and December 31, 2024 are carried at fair values based on sources classified under the Level 1 category. The fair values of financial assets at FVPL are based on prevailing quoted market prices, which are usually the closing prices from active markets as at reporting date.

Investments in Government Securities. The fair value of investments in government securities are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments, or using the discounted cash flow methodology.

Investment Property. Valuations were derived on the basis of recent sales of similar properties in the same areas as the investment property and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued. The fair valuation is classified under Level 2 category.

The significant unobservable inputs used in the fair value measurement of the Company's investment property are the estimated net price per square meter and various factors such as size, location, and utility, among others. Significant increases (decreases) in the estimated net price per square meter in isolation would result in a significantly higher (lower) fair value measurement. Further, choosing comparable with different inputs would result in a significantly different fair value measurement.

The Company has determined that the current use of its investment property as at June 30, 2025 and December 31, 2024 is its highest and best use.

The tables below present the financial assets and liabilities whose carrying amount approximates their fair value because of their short-term nature or their fair value cannot be reliably determined:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Financial assets at amortized cost:		
Cash and cash equivalents	**₱475,281,454**	₱440,287,230
Trade receivables	**12,304,125**	440,150,621
Interest receivables*	**5,976,352**	7,546,844
Receivables from employees*	**265,017**	673,929
Dividend receivable*	**20,731**	9,024
Refundable deposits**	**13,399,096**	12,998,068
	₱507,246,775	₱901,665,716

**Included under "Other current assets" account in the statements of financial position.*
***Included under "Other noncurrent assets" account in the statements of financial position.*

	June 30, 2024 (Unaudited)	December 31, 2024 (Audited)
Other financial liabilities at amortized cost:		
Trade payables	**₱424,072,094**	₱172,519,052
Other current liabilities*	**2,237,756**	11,372,061
	₱426,309,850	₱183,891,113

**Excluding statutory liabilities aggregating to ₱5.3 million and ₱4.2 million as at June 30, 2025 and December 31, 2024, respectively.*

Current Financial Assets and Liabilities. The carrying amounts of cash and cash equivalents, trade receivables, interest receivables, receivables from employees, trade payables, and other current liabilities (excluding statutory liabilities) approximate their fair values due to their short-term nature.

Refundable Deposits. The carrying amount of refundable deposits approximates fair value. The management believes that the effect of discounting the future receipts from these financial instruments using the prevailing market rates is not significant.

6. Cash and Cash Equivalents

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash on hand and in banks	**₱279,730,884**	₱153,201,835
Short-term placements	**195,550,570**	287,085,395
	₱475,281,454	₱440,287,230

Cash in banks earn interest at prevailing bank deposit rates. Short-term placements are made for varying periods of up to three months, depending on the Company's immediate cash requirements, and earn interest at the respective short-term placement rates ranging from 3.75% to 6.00% p.a. and 5.80% to 6.30% p.a. as of June 30, 2025 and December 31, 2024, respectively.

Interest income was derived from:

	Note	**June 30, 2025 (Unaudited)**	June 30, 2024 (Unaudited)
Investments in government securities	9	**₱32,004,415**	₱32,085,757
Receivables from other brokers	8	**2,420,974**	6,322,396
Short-term placements		**3,556,359**	5,590,744
Cash in banks		**2,941,091**	1,070,042
		₱40,922,839	₱45,068,939

In compliance with SRC Rule 49.2-1 covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers amounting to ₱463.3 million and ₱429.5 million as at June 30, 2025 and December 31, 2024, respectively.

The Company's reserve requirement is determined weekly based on the SEC's prescribed computation. As at June 30, 2025 and December 31, 2024, the Company's reserve accounts are adequate to cover its reserve requirements.

7. Financial Assets at FVPL

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Listed shares:		
Global	**₱163,112,585**	₱48,029,394
Local	**529,850,585**	17,353,330
	₱692,963,170	₱65,382,724

The Company's financial assets at FVPL as at June 30, 2025 and December 31, 2024 are carried at fair values based on sources classified under the Level 1 category. The fair values of financial assets at FVPL are based on prevailing quoted market prices or bidding dealer price quotations from active market as at the reporting date (see Note 5).

Dividend income earned from investments in securities amounted to ₱6.3 million and ₱2.5 million in June 30, 2025 and 2024, respectively.

Net trading gains on investments in equity securities consist of the following:

	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)
Realized fair value gains (losses) from:		
Local trading	**₱31,153,352**	₱20,689,527
Global trading	**(5,243,389)**	13,002,201
Unrealized gains (losses) on fair value changes on stocks held from:		
Local trading	**(5,424,991)**	2,290,731
Global trading	**(11,777,529)**	3,268,581
	₱8,707,443	₱39,251,040

8. **Trade Receivables**

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Receivables from:		
Other brokers	**₱11,352,354**	₱410,357,873
Clearinghouse	**558,281**	29,506,677
Customers	**790,819**	366,726
Others	**–**	276,223
	12,701,454	440,507,499
Less allowance for credit losses	**(397,329)**	(356,878)
	₱12,304,125	₱440,150,621

Receivables from other brokers pertain to the funds deposited with other brokers as at June 30, 2025 and December 31, 2024 in order for the Company to trade in other foreign markets.

Interest income earned from receivables from other brokers amounted to ₱2.4 million and ₱6.3 million in June 30, 2025 and 2024 (see Note 6).

Receivables from clearing house are due and collectible after two business days from the transaction date. The balance as at June 30, 2025 was fully collected in July 2025.

Receivables from customers pertain to amounts due from brokering transactions and client advisory services. Receivables from customers arising from brokering transactions, which are due within two days from the reporting date, are as follows:

	June 30, 2025 (Unaudited)		December 31, 2024 (Audited)	
	Money Balances	**Security Valuation - Long**	Money Balances	Security Valuation - Long
Cash and fully secured accounts:				
More than 250%	**₱168,312**	**₱3,439,562**	₱9,848	₱69,949,250
Between 200% and 250%	**–**	**–**	–	–
Between 150% and 200%	**–**	**–**	–	–
Between 100% and 150%	**266,665**	**282,555**	–	–
Partially secured accounts	**–**	**–**	–	–
Unsecured accounts	**355,842**	**–**	356,878	–
	790,819	**3,722,117**	366,726	69,949,250
Less allowance for credit losses	**397,329**	**–**	356,878	–
	₱393,490	**₱3,722,117**	₱9,848	₱69,949,250

Collaterals related to receivables from customers arising from brokering transactions pertain to listed equity securities amounting to ₱3.7 million and ₱69.9 million as at June 30, 2025 and December 31, 2024, respectively. The fair values of these securities are based on prevailing quoted market prices, which are usually the closing prices from active markets as at the reporting date.

Reversal of credit losses pertains to specific reversals on past due receivables from customers. The movements in the allowance for credit losses are as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at beginning of year	**₱356,878**	₱359,618
Provision (reversal) of credit losses	**40,451**	(2,740)
Balance at end of period	**₱397,329**	₱356,878

9. **Investments in Government Securities**

The Company's investments in government securities measured at FVOCI as at June 30, 2025 and December 31, 2024 are carried at fair values based on sources classified under the Level 1 category.

The fair values of investments in government securities are based on prevailing quoted market prices or bidding dealer price quotations from active markets as at the reporting date (see Note 5).

The balances and movements of this account are as follows:

	June 30, 2025 (Unaudited)		
	Financial Assets at		
	FVOCI	**Amortized Cost**	**Total**
Balance at beginning of year	**₱787,172,302**	**₱464,463,427**	**₱1,251,635,729**
Reclassification	**464,463,427**	**(464,463,427)**	**–**
Additions	**217,270,122**	**–**	**217,270,122**
Maturities/ terminations	**(238,629,666)**	**–**	**(238,629,666)**
Net amortization of premium	**(1,607,075)**	**–**	**(1,607,075)**
Net unrealized fair value gain	**9,745,070**	**–**	**9,745,070**
Ending balance	**₱1,238,414,180**	**₱–**	**₱1,238,414,180**

	December 31, 2024 (Audited)		
	Financial Assets at		
	FVOCI	Amortized Cost	Total
Balance at beginning of year	₱790,058,973	₱464,135,145	₱1,254,194,118
Net amortization of discount (premium)	(2,956,794)	328,282	(2,628,512)
Net unrealized fair value gains	70,123	–	70,123
Balance at end of year	₱787,172,302	₱464,463,427	₱1,251,635,729

The interest rates of investment in government securities ranges from 6.75% to 7.25% p.a. in June 30, 2025 and 4.625% to 7.50% p.a. in December 31, 2024.

Interest income on investments in government securities amounted to ₱32.0 million and ₱32.1 million in June 30, 2025 and 2024, respectively.

The cumulative unrealized gains on fair value changes of financial assets at FVOCI recognized in the statements of financial position are as follows:

	June 30, 2025 (Unaudited)		
	Cumulative Unrealized Gains	**Deferred Tax Expense**	**Net**
Balances at beginning of year	**₱12,818,191**	**(₱3,204,548)**	**₱9,613,643**
Unrealized gain	**9,745,070**	**(2,436,268)**	**7,308,802**
Balances at end of year	**₱22,563,261**	**(₱5,640,816)**	**₱16,922,445**

	December 31, 2024 (Audited)		
	Cumulative Unrealized Gains	Deferred Tax Expense	Net
Balances at beginning of year	₱12,748,068	(₱3,187,017)	₱9,561,051
Unrealized gain	70,123	(17,531)	52,592
Balances at end of year	₱12,818,191	(₱3,204,548)	₱9,613,643

10. **Other Current Assets**

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Excess tax credits	**₱7,606,193**	₱7,602,330
Interest receivables	**5,976,352**	7,546,844
Prepayments	**858,624**	1,561,888
Receivable from employees	**265,017**	673,929
Dividends receivable	**20,731**	9,024
Others	**187,681**	394,905
	₱14,914,598	₱17,788,920

Excess tax credits pertains to the Company's excess income tax payments over the amount due. Unapplied or excess income tax payments are carried forward and can be utilized in succeeding years.

Interest receivables, which are related to short-term placements, receivables from other brokers, and investments in government securities, are generally collectible within one year.

Prepayments, which are related to rentals, subscriptions, insurance, and taxes and licenses, are amortized over the period covered by the payment.

Receivable from employees are unsecured, noninterest-bearing, and generally collectible within one year.

Others are noninterest-bearing and generally settled within one year.

11. **Intangible Assets**

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Software and licenses	**₱3,787,289**	₱4,193,775
Exchange trading right	**475,000**	475,000
	₱4,262,289	₱4,668,775

Software and Licenses

The balance and movements of software and licenses are as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cost		
Balance at beginning of year	**₱7,908,827**	₱5,376,327
Additions	**–**	2,532,500
Balance at end of year	**7,908,827**	7,908,827
Accumulated Amortization		
Balance at beginning of year	**3,715,052**	3,037,656
Amortization	**406,486**	677,396
Balance at end of year	**4,121,538**	3,715,052
Carrying Amount	**₱3,787,289**	₱4,193,775

Exchange Trading Right

Under the PSE rules, all exchange trading rights are pledged at its full value to 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 members' contracts.

Republic Act (RA) No. 8799 entitled SRC to prescribe the conversion of PSE from a non-stock corporation into a stock corporation (demutualization) effective August 8, 2001, pursuant to a conversion plan approved by the SEC.

As a result of the conversion plan and on the basis of the relative fair values of the PSE shares and the exchange trading right as of the time of the demutualization, the Company's membership in the PSE, originally amounting to ₱1.0 million was bifurcated equally into (a) investment in PSE shares (classified as financial assets at FVPL) and (b) exchange trading right. The investment in PSE shares was sold in 2020.

As at June 30, 2025 and December 31, 2024, the carrying amount of the exchange trading right is ₱0.5 million.

As at June 30, 2025 and December 31, 2024, the latest transacted price of the exchange trading right, as provided by the PSE, is ₱8.0 million.

Details of depreciation and amortization are as follows:

	Note	**June 30, 2025 (Unaudited)**	June 30, 2024 (Unaudited)
Property and equipment	12	**₱2,335,484**	₱1,882,484
Intangible assets		**406,486**	287,445
Investment property	13	**321,412**	321,412
		₱3,063,382	₱2,491,341

No impairment loss was recognized on intangible assets in June 30, 2025 and 2024.

12. Property and Equipment

The balances and movements of this account are as follows:

		June 30, 2025 (Unaudited)				
	Note	Office Condominium Units and Improvements	Leasehold Improvements	Furniture, Fixtures, and Office Equipment	Construction in Progress	Total
Cost						
Balances at beginning of year		**₱21,237,151**	**₱11,066,687**	**₱23,851,931**	**–**	**₱56,155,769**
Additions		**–**	**–**	**140,035**	**–**	**140,035**
Balances at end of year		**21,237,151**	**11,066,687**	**23,991,966**	**–**	**56,295,804**
Accumulated Depreciation and Amortization						
Balances at beginning of year		**16,873,809**	**3,925,785**	**21,948,533**	**–**	**42,748,127**
Depreciation and amortization	**11**	**1,529,174**	**550,970**	**255,340**	**–**	**2,335,484**
Balances at end of year		**18,402,983**	**4,476,755**	**22,203,873**	**–**	**45,083,611**
Carrying Amounts		**₱2,834,168**	**₱6,589,932**	**₱1,788,093**	**–**	**₱11,212,193**

		December 31, 2024 (Audited)				
	Note	Office Condominium Units and Improvements	Leasehold Improvements	Furniture, Fixtures, and Office Equipment	Construction in Progress	Total
Cost						
Balances at beginning of year		₱21,123,830	₱5,017,465	₱22,059,175	₱2,924,238	₱51,124,708
Additions		113,321	439,169	975,469	3,522,022	5,049,981
Reclassification		–	5,610,053	836,207	(6,446,260)	–
Disposal		–	–	(18,920)	–	(18,920)
Balances at end of year		21,237,151	11,066,687	23,851,931	–	56,155,769
Accumulated Depreciation and Amortization						
Balances at beginning of year		13,829,627	3,141,377	21,584,488	–	38,555,492
Depreciation and amortization	11	3,044,182	784,408	382,965	–	4,211,555
Disposal		–	–	(18,920)	–	(18,920)
Balances at end of year		16,873,809	3,925,785	21,948,533	–	42,748,127
Carrying Amounts		₱4,363,342	₱7,140,902	₱1,903,398	₱–	₱13,407,642

Additions to ROU assets (included as part of "Office condominium units and improvements" in "Property and equipment" account) amounting to ₱0.1 million as at December 31, 2024 is considered as noncash financial information in the statements of cash flows (see Note 20).

In 2024, the Company sold fully-depreciated office equipment for ₱446, resulting to a gain of the same amount.

As at June 30, 2025 and December 31 2024, cost of fully-depreciated assets still in use amounted to ₱29.0 million and ₱28.9 million, respectively

13. **Investment Property**

The balance and movements of this account are as follows:

	Note	**June 30, 2025 (Unaudited)**	December 31, 2024 (Audited)
Cost			
Balances at beginning and end of year		**₱12,856,487**	₱12,856,487
Accumulated Depreciation			
Balances at beginning of year		**4,499,761**	3,856,938
Depreciation	11	**321,412**	642,823
Balances at end of year		**4,821,173**	4,499,761
Carrying Amount		**₱8,035,314**	₱8,356,726

The Company did not earn any income from the investment property in June 30, 2025 and 2024.

Direct costs incurred related to its investment property, which pertain to real property tax, amounted to ₱25,612 in June 30, 2025 and 2024.

The fair value of investment property amounted to ₱42.9 million as at June 30, 2025 and December 31, 2024, respectively. The fair values were determined using the Sales Comparison Approach, which compares sales of similar or substitute properties and related market data to establish an estimated value (see Note 5).

14. **Other Noncurrent Assets**

This account consists of:

	Note	**June 30, 2025 (Unaudited)**	December 31, 2024 (Audited)
Refundable deposits from:			
Clearing and Trade Guarantee Fund (CTGF) contributions		**₱13,111,071**	₱12,649,072
Rental	20	**288,025**	348,996
Others		**391,641**	279,012
		₱13,790,737	₱13,277,080

Refundable deposit from CTGF pertains to the monthly contributions paid by the Company, as a Clearing Member, to the CTGF maintained by the Securities Clearing Corporation of the Philippines (SCCP). The monthly contribution is equivalent to 1/500 of 1% applied to the Clearing Member's total monthly turnover value less block sales and cross transactions of the same flag. The deposit is refundable upon the cessation of the business and/or termination of the membership with the SCCP, provided that all liabilities owing to the SCCP at the time of termination, whether actual or contingent, shall have been satisfied or paid in full.

15. Trade Payables

This account consists of:

	June 30, 2025 (Unaudited)		December 31, 2024 (Audited)	
	Money Balance	**Security Valuation - Long**	Money Balance	Security Valuation - Long
Payable to customers:				
With money balance	**₱249,075,392**	**₱5,861,270,189**	₱171,188,023	₱5,343,003,672
Without money balance		**1,923,504,404**	–	2,842,656,597
	249,075,392	**7,784,774,593**	171,188,023	8,185,660,269
Dividends payable to customers	**1,331,030**	–	1,331,029	–
Payable to clearinghouse	**32,257,345**	–	–	–
Payable to other broker	**140,968,806**	–	–	–
Others	**439,521**	–	–	–
	₱424,072,094	**₱7,784,774,593**	₱172,519,052	₱8,185,660,269

Payable to customers pertains to segregated bank balances received and held for customers in the course of its regulated trading activities. These are noninterest-bearing and payable within two business days from reporting date.

Payable to other broker pertains to amounts due arising from margin trading activities related to leveraged positions abroad.

Dividends payable to customers are noninterest-bearing and payable on demand.

Payable to clearing house are due and payable after two business days from the transaction date.

Trade payables are due to the following parties:

	Note	**June 30, 2025 (Unaudited)**	December 31, 2024 (Audited)
Third parties		**₱352,913,480**	₱163,250,652
Related parties	17	**71,158,614**	9,268,400
		₱424,072,094	₱172,519,052

16. Other Current Liabilities

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Taxes payable	**₱4,768,503**	₱3,789,111
Accruals for:		
Professional fees	**168,000**	919,390
Membership fees	**245,546**	193,527
Security services	**105,107**	105,592
Commissions and employee bonuses	**–**	9,184,889
Others	**228,928**	226,607
Trading fee payable	**600,526**	488,606
Accounts payable	**273,210**	253,450
Statutory payables	**502,656**	460,711
Interest payable	**616,439**	–
	₱7,508,915	₱15,621,883

Taxes payable, which pertains to output tax, withholding tax, and percentage tax payable to the BIR, are generally settled in the succeeding month from transaction date.

Accruals and accounts payable are noninterest-bearing and generally settled within one year.

Interest payable pertains to accrued interest from margin trading activities abroad and is generally settled in the succeeding month.

Trading fee payable and statutory payables are generally settled in the succeeding month from the transaction date.

17. Related Party Transactions

The Company has transactions with its related parties in the ordinary course of business as follows:

		Amount of Transactions		Outstanding Balance		
	Nature of Transactions	**June 30, 2025 (Unaudited)**	June 30, 2024 (Unaudited)	**June 30, 2025 (Unaudited)**	December 31, 2024 (Audited)	Terms and Conditions
Trade Payables (see Note 15)						
Key management personnel	Commission income	**₱102,875**	₱84,541	**₱49,203,077**	₱8,634,540	Noninterest-bearing;
Affiliate with common officers and stockholders	Commission income	**89,477**	193,417	**21,955,537**	633,860	secured; no guarantee; settled in cash within one year
				₱71,158,614	₱9,268,400	
Other Current Liabilities						
Affiliate with common officers and stockholders (see Note 20)	Lease of properties	**₱557,700**	₱557,700	**₱367,027**	₱903,516	Unsecured; settled in cash within one year
Affiliate with common officers and stockholders	Purchase of goods	**–**	1,336,363	**–**	–	Unsecured; settled in cash within one year
				₱367,027	₱903,516	
Personnel Costs						
Key management personnel	Short-term employee benefits	**₱2,485,000**	₱2,485,000	**₱–**	₱–	Noninterest-bearing, unsecured and payable within the month of incurrence
	Directors' fees	**180,000**	65,000	**–**	–	

18. Personnel Costs

This account consists of:

	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)
Salaries and wages	**₱17,163,231**	₱16,793,110
Other benefits	**7,231,313**	7,502,504
	₱24,394,544	₱24,295,614

Personnel costs were distributed as follows:

	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)
Cost of services	**₱17,076,181**	₱17,006,930
Operating expenses	**7,318,363**	7,288,684
	₱24,394,544	₱24,295,614

19. **Retirement Plan**

The Company has a funded, noncontributory defined benefit retirement plan covering substantially all of its regular employees. The benefits are based on a certain percentage of the final monthly basic salary for every year of credited service of the employees. The funded benefit obligation under the defined benefit retirement plan is determined using the projected unit credit method. The benefits to be received by the employees under the defined benefit retirement plan shall not be less than the minimum mandated benefit under RA No. 7641, The Retirement Pay Law. There were no termination, curtailment, or settlement in June 30, 2025 and December 31, 2024. The latest actuarial valuation of the present value of the defined benefit obligation as at December 31, 2024 is dated January 26, 2025.

20. **Leases**

The Company, as lessee, has lease agreements for its office spaces as at June 30, 2025 and December 31, 2024. The leases are renewable upon mutual agreement of the parties. Refundable deposits on these lease agreements amounted ₱0.3 million as at June 30, 2025 and December 31, 2024, respectively (see Note 14).

The balance and movements of ROU assets (included as part of "Office Condominium Units and Improvements " account in Property and Equipment) are as follows:

	Note	**June 30, 2025 (Unaudited)**	December 31, 2024 (Audited)
Cost			
Balance at beginning of year		**₱4,520,027**	4,406,706
Additions	12	**–**	113,321
Balance at end of year		**4,520,027**	4,520,027
Accumulated Depreciation			
Balance at beginning of year		**2,780,729**	678,584
Depreciation		**1,058,154**	2,102,145
Balance at end of year		**3,838,883**	2,780,729
Carrying Amount		**₱681,144**	₱1,739,298

The balance and movements of lease liabilities are as follows:

	Note	**June 30, 2025 (Unaudited)**	December 31, 2024 (Audited)
Balance at beginning of year		**₱1,835,016**	₱3,761,773
Additions		**–**	113,321
Interest expense	19	**41,918**	177,367
Lease payments		**(1,149,368)**	(2,217,445)
Balance at end of year		**₱727,566**	₱1,835,016

Lease liabilities are presented in the statements of financial position as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Current	**₱727,566**	₱1,820,166
Noncurrent	**–**	14,850
	₱727,566	₱1,835,016

The Company recognized the following lease-related expenses:

	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)
Depreciation	**₱1,058,154**	₱1,043,990
Interest expense on lease liabilities	**41,918**	102,859
	₱1,100,072	₱1,146,849

Future minimum lease commitments under non-cancellable leases as at June 30, 2025 are as follows:

Within one year	₱737,223
After one year but no more than three years	–
	₱737,223

21. Income Taxes

The components of income taxes as reported in the statements of comprehensive income are as follows:

	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)
Reported in Profit or Loss		
Current tax expense	**₱–**	₱174,152
Deferred tax expense (benefit)	**(7,005,859)**	5,688,756
	(₱7,005,859)	₱5,862,908
Reported in OCI		
Deferred tax expense (benefit) on:		
Cumulative unrealized gains on changes in fair value of financial assets at FVOCI	**2,436,268**	(4,794,137)
	₱2,436,268	(₱4,794,137)

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

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Deferred tax assets:		
NOLCO	**₱28,013,900**	₱28,013,900
Net retirement benefit liability	**7,731,126**	7,731,126
Lease liabilities	**181,892**	458,754
Excess MCIT over RCIT	**392,856**	392,856
Allowance for credit losses	**99,332**	89,220
Excess of cost over fair value of financial assets at FVPL	**5,636,859**	1,336,229
	42,055,965	38,022,085
Deferred tax liabilities:		
Unrealized foreign exchange gain	**8,935,718**	11,643,157
Unrealized gain on changes in fair value of FA at FVOCI	**5,640,815**	3,204,548
ROU assets	**170,286**	434,825
Others	**136,778**	136,783
	14,883,597	15,419,313
	₱27,172,368	₱22,602,772

The details of NOLCO and excess MCIT over RCIT are as follows:

	Inception Year	Amount	Applied/Expired	Ending Balance	Expiry Year
	2024	29,121,361	–	29,121,361	2027
	2023	66,754,999	–	66,754,999	2026
	2022	16,179,239	–	16,179,239	2025
		₱112,055,599	–	₱112,055,599	
Excess MCIT over RCIT	2024	₱126,996	₱–	₱126,996	2027
	2022	265,860	–	265,860	2025
		₱392,856	–	₱392,856	

On March 26, 2021, RA No. 11534 or the Corporate Recovery and Tax Incentive for Enterprises (CREATE) Act was signed into law by the President of the Philippines. Under the CREATE law, the Company's RCIT is 25% instead of 30% income tax rate. In addition, MCIT is subjected to 1% instead of 2% of gross income for a period of three years. The changes in the income tax rates became effective beginning July 1, 2020.

As mandated by Revenue Memorandum Circular (RMC) No. 69-2023, MCIT shall revert to 2% of gross income starting July 1, 2023.

The income tax rates used in the financial statements are 25% for RCIT and 2%, 2%, and 1.5% for MCIT in 2025, 2024, and 2023, respectively.

The reconciliation between the income tax expense (benefit) based on statutory income tax rates and effective income tax rates is as follows:

	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)
Income tax expense (benefit) at statutory tax rate	**(₱1,456,271)**	₱15,608,585
Tax effects of:		
Interest income already subjected to final tax	**(9,625,467)**	(9,686,635)
Unrecognized DTA on NOLCO	**5,067,211**	–
Dividend income exempt from tax	**(1,106,190)**	(383,255)
Nondeductible expenses	**114,832**	119,628
Others	**26**	204,585
Income tax (benefit) at effective tax rate	**(₱7,005,859)**	₱5,862,908

22. Earnings per Share

Basic and diluted EPS are computed as follows:

	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)
Net income attributable to common stockholders	**₱1,180,783**	₱56,571,430
Divided by weighted average number of outstanding common shares	**6,875,000,000**	6,875,000,000
Per share amounts: Basic and diluted EPS	**₱0.000172**	₱0.008229

Diluted EPS equals the basic EPS as the Company does not have any dilutive potential common shares at the end of each of the years presented.

23. Segment Reporting

Business Segments

The Company's business segments consist of local and global trading.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, financial assets at FVPL, investments in government securities, receivables, property and equipment, investment property, and intangible assets (net of allowances, accumulated depreciation and amortization, and impairment) and other current and noncurrent assets. Segment liabilities include all operating liabilities and consist primarily of trade payables and other current and noncurrent liabilities.

Major Customer

The Company does not have a single external customer from which sales revenue generated amounted to 10% or more of the total revenues of the Company.

Financial information about reportable segments are as follows:

	June 30, 2025 (Unaudited)		
	Local Trading	Global Trading	Total
REVENUES			
Interests	₱38,501,865	₱2,420,974	₱40,922,839
Trading gains (losses) on financial assets at FVPL - net	25,728,361	(17,020,918)	8,707,443
Commissions	2,087,323	–	2,087,323
Dividends	4,424,760	1,883,946	6,308,706
	70,742,309	(12,715,998)	58,026,311
COST OF SERVICES			
Personnel costs	(8,538,090)	(8,538,091)	(17,076,181)
Commissions	(5,792,578)	(2,019,942)	(7,812,520)
Transaction costs	(1,741,663)	(4,875,436)	(6,617,099)
Stock exchange dues and fees	(1,209,676)	–	(1,209,676)
Central depository fees	(420,620)	–	(420,620)
Communications	(593,227)	–	(593,227)
Research	(455,301)	(926,101)	(1,381,402)
	(18,751,155)	(16,359,570)	(35,110,725)
GROSS PROFIT (LOSS)	51,991,154	(29,075,568)	22,915,586
OPERATING EXPENSES	(15,465,463)	(1,958,448)	(17,423,911)
OTHER INCOME (LOSSES)			
Foreign exchange losses	(95,842)	(10,734,015)	(10,829,857)
Loss on sale of investment in government securities	(486,894)	–	(486,894)
INCOME (LOSS) BEFORE INCOME TAX	35,942,955	(41,768,031)	(5,825,076)
BENEFIT FROM INCOME TAX	1,422,268	5,583,591	7,005,859
NET INCOME (LOSS)	37,365,223	(36,184,440)	1,180,783
SEGMENT ASSETS	1,957,580,104	540,770,324	2,498,350,428
SEGMENT LIABILITIES	463,233,079	–	463,233,079
CAPITAL EXPENDITURES			
Fixed assets	₱140,036	–	₱140,036
CASH FLOWS ARISING FROM:			
Operating activities	188,773,376	(143,723,446)	45,049,930
Investing activities	21,219,508	–	21,219,508
Financing activities	(31,179,368)	–	(31,179,368)

	December 31, 2024		
	Local Trading	Global Trading	Total
REVENUES			
Interests	₱78,233,986	₱13,051,671	₱91,285,657
Trading gains on financial assets at FVPL - net	40,107,060	22,958,421	63,065,481
Commissions	4,283,997	–	4,283,997
Dividends	2,324,817	1,164,582	3,489,399
Client advisory income	369,989	–	369,989
	125,319,849	37,174.674	162,494,523
COST OF SERVICES			
Personnel costs	20,081,012	20,081,012	40,162,024
Commissions	9,848,133	8,467,084	18,315,217
Transaction costs	4,011,288	9,421,337	13,432,625
Research	869,186	1,795,926	2,665,112
Stock exchange dues and fees	2,660,082	–	2,660,082
Communications	1,186,903	–	1,186,903
Central depository fees	931,017	–	931,017
	39,587,621	39,765,359	79,352,980
GROSS PROFIT (LOSS)	85,732,228	(2,590,685)	83,141,543
OPERATING EXPENSES	(36,001,762)	(4,786,966)	(40,788,728)
OTHER INCOME (LOSSSES)			
Foreign exchange gains (losses)	(256,686)	17,450,429	17,193,743
Other income	446	–	446
INCOME BEFORE INCOME TAX	49,474,226	10,072,778	59,547,004
INCOME TAX EXPENSE (BENEFIT)	(7,529,015)	2,542,087	(4,986,928)
NET INCOME	₱57,003,241	₱7,530,691	₱64,533,932
SEGMENT ASSETS	₱1,848,933,860	₱428,624,359	₱2,277,558,219
SEGMENT LIABILITIES	₱220,900,455	₱–	₱220,900,455
CAPITAL EXPENDITURES			
Fixed assets	₱7,469,160	₱–	₱7,469,160
CASH FLOWS ARISING FROM:			
Operating activities	₱23,739,385	(₱34,991,087)	(₱11,251,702)
Investing activities	(7,468,714)	–	(7,468,714)
Financing activities	(20,367,445)	–	(20,367,445)

SCHEDULE VIII

CTS GLOBAL EQUITY GROUP, INC.
SUPPLEMENTARY SCHEDULE OF
FINANCIAL SOUNDNESS INDICATORS UNDER REVISED SRC RULE 68

JUNE 30, 2025

	June 30, 2025	June 30, 2024
Current/liquidity ratio	**2.77**	5.19
Current assets	**₱1,195,463,347**	₱954,861,594
Current liabilities	**432,308,575**	184,084,154
Solvency ratio	**0.01**	0.28
After-tax income (loss) before depreciation	**₱4,244,165**	₱59,062,771
Total liabilities	**463,233,079**	212,432,387
Debt-to-equity ratio	**0.23**	0.10
Total liabilities	**₱463,233,079**	₱212,432,387
Total equity	**2,035,117,349**	2,033,438,974
Asset-to-equity ratio	**1.23**	1.10
Total assets	**₱2,498,350,428**	₱2,245,871,361
Total equity	**2,035,117,349**	2,033,438,974
Interest rate coverage ratio	**(54.89)**	428.62
Income (loss) before interest and taxes	**(₱5,720,857)**	₱62,580,341
Interest expense	**104,219**	146,003
Return on Equity	**0.0006**	0.0278
After-tax income (loss)	**₱1,180,783**	₱56,571,430
Total equity	**2,035,117,349**	2,033,438,974
Return on assets	**0.0005**	0.0252
After-tax income (loss)	**₱1,180,783**	₱56,571,430
Total assets	**2,498,350,428**	2,245,871,361
Other relevant ratios		
RBCA ratio	**496%**	923%
Ratio of AI to NLC	**19.4%**	9%
Ratio of Core Equity to ORR	**6,929%**	7,102%