COVER SHEET

6 3 8 2 4

SEC Registration Number

C T S G L O B A L E Q U I T Y G R O U P , I N C .

(Company's Full Name)

2 7 / F E a s t T o w e r , T e k t i t e T o w e r s ,
E x c h a n g e R o a d , O r t i g a s C e n t e r ,
P a s i g C i t y

(Business Address: No. Street City/Town/Province)

Mr. Lawrence C. Lee
(Contact Person)

(02) 8 635-5735
(Company Telephone Number)

1 2 **3 1**
Month *Day*
(Calendar Year)

17-Q
(Form Type)
September 30, 2023

Month *Day*
(Annual Meeting)

Broker
(Secondary License Type, If Applicable)

CFD
Dept. Requiring this Doc.

Not Applicable
Amended Articles Number/section

17
Total No. of Stockholders

Total Amount of Borrowings

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

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: **September 30, 2023**

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 Global", "CTS" or the "Company") is a pioneering proprietary trading firm with a legacy of over three decades in the Philippines and global markets. With more than 30 individual traders, the Company actively trades its capital in the Philippine, Hong Kong, US, and other equity markets. Its investments may include assets outside of equities, such as forex and fixed income.

Since its establishment in 1986, CTS Global has built a robust portfolio of intellectual property assets, including expertise in risk management, macroeconomic analysis, and fundamental and technical analysis. This expertise allows the Company to identify and capitalize on opportunities in the local and global markets.

CTS Global's pool of over 30 individual traders operate as separate profit centers, each with its own unique trading system. However, these diverse trading strategies are developed and applied within the overarching framework of the Fundamentals, Technicals, Sentiment, and Risk Management (FTSR) Trading Framework. This trading framework, which has been refined over four decades, is continuously improved through the Company's sister company, Caylum Trading Institute, which provides trading education to new traders and reinforces the Company's trading principles.

At CTS Global, we believe in developing and leveraging our intellectual property to stay ahead of the competition. Our focus on risk management, macroeconomic analysis, and technical analysis enables us to identify and capitalize on market opportunities, while our commitment to the FTSR Trading Framework ensures consistency in our trading practices. As we continue to expand our reach in the global markets, we remain committed to providing sustainable and profitable returns to our stakeholders.

Business Segments

CTS Global generates revenue through three main business segments: Proprietary Trading, Brokerage Services, and Investment Income. In addition, the company is planning to launch a future business segment, Client Account Management.

Proprietary Trading is the Company's core business and largest revenue contributor. CTS Global has a team of over thirty individual traders who actively trade the Philippine and global equity markets, leveraging the firm's capital, training ecosystem, analytics, and risk management infrastructure to consistently generate returns.

Brokerage Services is another revenue stream for CTS Global. As one of the PSE Trading Participants, the Company provides stock brokerage and dealership services at a fee for high net-worth clients. Revenues from this side of the business are generated through fixed commissions based on transaction amounts.

Investment Income is generated through CTS Global's Macroeconomics Desk and Global Research team. These teams provide overall guidance to the trading house's market and foreign exchange exposure and invest in assets with a longer-term horizon. This approach has allowed the firm to capitalize on the movements in the foreign exchange and fixed income markets.

In the future, CTS Global plans to launch its new business segment, Client Account Management. This segment will provide investment management and financial advisory services with the goal of growing clients' portfolios over time while mitigating risk. Currently in its testing phase, the business model for this segment includes a model portfolio.

Overall, CTS Global's business model is focused on leveraging its intellectual property assets, trading expertise, and risk management framework to generate returns for its clients while also exploring revenue streams and investment opportunities.

Industry and Economic Review

Despite the stable economy, the first nine months of 2023 was marked by various events that introduced uncertainty into the markets mainly caused by central bank policy rate hikes all over the world. Significant events such as the Israeli-Hamas war, Credit Suisse collapse, Russia-Ukraine war, and China's reopening shook the financial markets. The S&P 500 ended 3Q2023 on a strong note at +12.1% led by the big tech. Hong Kong's HSI and the Philippines' PSEi showed returns of -11.6%, and -4.0%. respectively.

Equities. Global equities generally marked a positive performance for the first nine months of 2023 despite the volatility due to policy rate hikes and recessionary fears. Overall, big tech pushed the market higher as Apple achieved a US$3Tn in market capitalization.

Commodities. In the recent months, the middle eastern conflicts brought oil surging by more than 40% from the March lows. The reopening of China's economy at the beginning of the year brought optimism to emerging markets, albeit disappointing subsequently with elevated rates and slower-than expected Chinese demand. Other interesting developments include the nuclear energy sector, pushing up the price of uranium.

Bonds. The Federal Reserve, European Central Bank, and almost all central banks across the world announced unprecedented rate hikes for 2023, bringing the Fed policy rate to 5.5% from 3.25% a year ago. This continued to make bonds an attractive investment option for yield-chasing investors.

Business Review

Key Performance Indicators

	September 30, 2023	September 30, 2022
Revenue/ Capital	**3.1%**	3.1%
Gross Margin	**26.7%**	19.8%
Net Margin	**29.9%**	121.4%
Global Trading Revenues (Losses) (in millions)	**(₱35.4)**	₱8.5
Local Trading Revenues (in millions)	**₱14.9**	₱19.7
Total Revenues (in millions)	**₱59.8**	₱58.4
Net Liquid Capital (in millions)	**₱1,921.3**	₱1,954.9
Risk-Based Capital Adequacy (RBCA) Ratio	**1,100%**	1,711%

CTS' **Revenues** as of end September 2023 slightly increased to ₱59.8 million from ₱58.4 million in the same period last year. Trading losses as of end September 2023 were at ₱20.5 million compared to ₱28.2 million in trading gains in the same period last year. The drop is mainly due to trading losses on global stock trading as broad equity weakness persisted in the first nine months of 2023 following the US Fed's stance to keep interest rates higher for longer to combat inflation and among other various events that introduced uncertainty into the markets.

The drop in trading gains is offset by interest income mainly coming from the CTS' investments in government bonds and short-term time deposits which grew to ₱51.3 million and ₱8.8 million, respectively, as of end September 2023.

Revenue over capital remained the same at 3.1% as of end September 2023 as CTS was able to capitalize early on in the bond market which provided the Company a fixed stream of income amid volatile equity markets. **Gross margin** stood at 26.7% as of end September 2023 as revenues slightly grew by 2.4% or by ₱1.4 million while cost of services went down by 6.3% or ₱3.0 million. Operating expenses slightly decreased by 4.8% or by ₱0.9 million as of end September 2023. Due to considerable trading losses as of end September 2023, the Company booked an income before tax of ₱3.2 million as of end September 2023.

On April 13, 2022, CTS completed its initial public offering and for which CTS received net proceeds amounting to ₱1,353.3 million. The additional capital provided CTS the opportunity in the advancement of its proprietary trading segment. As a result, CTS **net liquid capital** improved to ₱1,921.3 million and ₱1,954.9 million as of end September 2023 and 2022, respectively.

CTS continued to meet the stringent rules of regulators in the Philippines. As of end September 2023, CTS' **Risk Based Capital Adequacy Ratio** (RBCA) is 1,100%, 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 (September 30, 2023 vs December 31, 2022)

CTS's asset base increased by 1.2% or by ₱27.0 million to ₱2.2 billion as of end September 2023 compared to its end 2022 level.

Cash and cash equivalents (including short-term time deposits) decreased by 10.4% to ₱427.4 million as of end September 2023 from ₱477.2 million as of end December 2022 mainly due to the following: income before tax of ₱3.2 million, proceeds from maturity of an investment in government security amounting to ₱50.0 million, net decrease in receivables from brokers by ₱29.5 million, increase in payable to clearinghouse by ₱19.2 million, increase in payable to customer by ₱10.7 million, net deployment for purchase of equity securities by ₱106.4 million, payment of cash dividends to CTS stockholders amounting to ₱21.3 million, net increase in interest receivable by ₱13.2 million, unrealized foreign exchange gain amounting to ₱5.8 million, and payment of end 2022 accrued expenses and government remittances amounting to ₱11.6 million and ₱3.9 million, respectively.

Financial assets at FVPL increased to ₱107.8 million as of end September 2023, from ₱1.4 million as of end 2022, mainly due to outstanding equity securities held locally and abroad amounting to ₱53.5 million and ₱54.3 million, respectively.

Trade receivables fell by 6.5% to ₱363.9 million compared to ₱389.1 million as of end 2022. The decrease is mainly due to deployment of the deposits with other brokers to purchase equity securities in other foreign stock markets.

Investments in government securities fell by 2.4% or by ₱30.6 million primarily due to maturity of a 3-year government bond last February 2023 amounting to ₱50.0 million and partially offset by mark-to-market gain of ₱19.2 million this period on government bonds classified as financial assets at fair value thru other comprehensive income (FVOCI).

As of end September 2023, 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 and selling financial assets) amounted to ₱464.1 million and ₱780.6 million, respectively.

The interest rates of investments in government securities at amortized cost and at FVOCI ranges from 4.625% to 7.50% p.a. and 6.25% to 7.25% p.a., respectively. Additionally, cumulative unrealized gain on changes in fair value of financial assets at FVOCI amounted to ₱0.5 million as of end September 2023.

CTS' investments in government securities are part of CTS' strategy to boost interest income and cover CTS' operating expenses while proprietary trading gains from both local and global stock markets continued to fall as global inflation remains 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 to current ratio of 4.52.

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 18.3% mainly due to one (1) new leased office space and one (1) office space lease renewal amounting to ₱1.4 million and ₱2.1 million, respectively, which are booked as right-of-use assets under property and equipment. Investment property decreased by 5.0% due to depreciation of ₱0.5 million.

Net deferred tax asset increased by 179.1% to ₱15.5 million compared to ₱5.5 million as of end 2022. The account comprises of deferred tax assets pertaining to CTS' net operating loss carryover and retirement liability amounting to ₱20.2 million and ₱4.5 million, respectively, and deferred tax liability of ₱10.3 million mainly due to unrealized foreign exchange gain.

Other current assets increased by 81.0% to ₱32.5 million compared to ₱17.9 million as of end 2022. The account is generally composed of interest receivables of ₱20.2 million from bond investments and excess tax credit of ₱7.7 million. On the other hand, other noncurrent assets slightly increased by ₱0.7 million mainly due to refundable clearing fund contributions as of end September 2023.

Total liabilities increased by 7.6% to ₱226.5 million compared to ₱210.5 million as of end 2022. This is due to increase in the level of payables due to clearing house by ₱19.2 million, as there were higher buying transactions as of end September 2023 compared to the last three trading days of 2022, net increase in lease liabilities by ₱2.5 million mainly due to addition of one leased office space and one office lease renewal, and partially offset by settlement during the year of end 2022 accrued expenses and government remittances amounting to ₱11.6 million and ₱3.9 million, respectively.

Stockholders' equity was up slightly by 0.6% to ₱2.0 billion in September 2023 compared to its end 2022 level as a result of ₱17.9 million in net income as of end September 2023, other comprehensive gain from mark-to-market adjustment on investment in government securities at FVOCI amounting to ₱14.4 million, and cash dividends paid to stockholders last July 2023 amounting to ₱21.3 million.

Material Changes in the Results of Operations (September 30, 2023 vs September 30, 2022)

CTS's revenues slightly increased by 2.4% to ₱59.8 million as of end September 2023 while cost of services declined by 6.3% to ₱43.8 million bringing gross profit to ₱16.0 million compared to ₱11.6 million in the same period last year. Operating expenses, which are largely fixed in nature, decreased by ₱0.9 million. Other income of ₱5.8 million is mainly due to unrealized foreign exchange gain as of end September 2023. Benefit from income tax of ₱14.7 million is mostly due to booking of deferred tax asset of ₱16.1 million arising from CTS' net operating loss for tax purposes as of end September 2023. Because of the foregoing movements, the Company booked a net income of ₱17.9 million.

CTS's revenues slightly increased by 2.4% to ₱59.8 million as of end September 2023 compared to ₱58.4 million of the same period last year mostly due to trading losses of ₱20.5 million as proprietary trading from both local and global stock markets continued to fall as the U.S. Fed kept its stance on keeping interest rates higher for longer to combat high inflation which negatively affected investor appetite for stocks. The drop in trading gains is partially offset by interest income mainly coming from CTS' investments in government bonds and short-term time deposits which grew to ₱51.3 million and ₱8.8 million, respectively, as of end September 2023, as the bond market and time deposits presented an alternative opportunity for fixed stream of income.

Cost of services declined by 6.3% or by ₱3.0 million to ₱43.8 million as of end September 2023 because of decrease in commission expenses (trader share in gains) by ₱8.7 million, while partially offset by higher broker transaction costs by ₱3.7 million, and increase in personnel costs under cost of services by ₱2.2 million.

Operating expenses decreased by ₱0.9 million as of end September 2023 as a result of shift to less expensive internet service provider and decrease in professional fees this year due to one-time fee payment last year for services in relation to IPO by ₱0.3 million and ₱1.7 million, respectively. This was partially offset by increase in salaries due to new hires for trading and back-office, average salary increases by 5% implemented at the start of the year and increase in employee health insurance as a result of additional employees enrolled.

Personnel costs, booked under cost of services and operating expenses, increased to ₱28.3 million compared to ₱25.1 million of the same period last year.

Other income as of end September 2023 amounting to ₱5.8 million pertains to unrealized foreign exchange gain on the Company's foreign-currency denominated deposits with brokers abroad. The exchange rates closed at ₱56.96 and ₱7.27 per US$1 and HK$1 on September 30, 2023, respectively, and ₱56.12 and ₱7.20 per US$1 and HK$1 on December 31, 2022, respectively.

Benefit from income tax of ₱14.7 million is mostly due to booking of deferred tax asset of ₱16.1 million due to the Company's net operating loss for tax purposes as of end September 2023. The Company recorded a net operating loss position, for tax purposes, of ₱64.5 million as of end September 2023 since the interest income from investments in government bonds and time deposits are already subjected to 20% final tax and exempt from normal income tax purposes.

As a result of the foregoing movements, CTS' reported a net income of ₱17.9 million as of end September 2023 primarily due to benefit from income tax of ₱14.7 million and operating income of ₱3.2 million.

Material Changes in Financial Condition (September 30, 2022 vs December 31, 2021)

CTS's asset base increased by 136.5% to ₱2.2 billion as of end September 2022 compared to its end 2021 level.

Cash increased by 48.8% to ₱661.0 million as of end September 2022 largely due to ₱1,361.3 million net cash generated from its initial public offering last April 13, 2022, investments made on peso-denominated government debt securities amounting to ₱897.2 million and decrease in payable to clients by ₱143.7 million brought about by net client withdrawals and deployment of their portfolio into the market.

Financial assets at FVPL increased to ₱17.0 million as of end September 2022 largely due to outstanding equity securities held locally and abroad amounting to ₱14.7 million and ₱2.3 million, respectively.

Investment securities at amortized cost increased by ₱897.2 million as of end September 2022 due to purchase of additional peso-denominated government debt securities as equity markets continued to fall and debt securities market provide an alternative opportunity for fixed stream of income.

Trade and other receivables increased by 40.4% to ₱571.0 million. This was largely due to additional funding made to Interactive Brokers, the Company's broker for its global trading, in order to escalate its global trading operations.

Property and equipment and investment property decreased by 12.6% and 4.7%, respectively, mostly due to depreciation and capitalization of a renewed leased storage area.

Trade payables decreased by 43.4% to ₱187.4 million for the year-to-date period. This was largely due to decline in payable to customers brought about by net client withdrawals and deployment of their portfolio into the market.

Other current liabilities were lower by 62.3% at ₱3.4 million mainly due to payment of accrued expenses as of end December 2021.

Net deferred tax liability reversed from a net deferred tax asset position to ₱11.2 million mostly due to deferred tax liability of ₱25.2 million arising from the Company's unrealized foreign exchange gain position on foreign currency-denominated deposits with brokers and deferred tax asset of ₱9.0 million arising from the Company's net operating loss carryover as of end September 2022.

Stockholders' equity was up by 244.3% to ₱2,018.0 million due to the booking of ₱70.9 million in accounting net income as of end September 2022 and net IPO proceeds received amounting to ₱1,361.3 million.

Material Changes in the Results of Operations (September 30, 2022 vs September 30, 2021)

CTS's revenues for the nine months ended September 2022 decreased from ₱107.7 million to ₱58.4 million or by 45.8% largely due to volatile global equity market conditions. Cost of services decreased by 33.8% to ₱46.8 million, mainly due to decrease in commission expenses, personnel costs, and transaction costs. Meanwhile, operating expenses, which are largely fixed in nature, also decreased by 11.4% to ₱19.7 million. Other income grew to ₱93.2 million mostly due to unrealized foreign exchange gain booked as of September 2022. Provision for income taxes increased by 53.7% to ₱14.2 million largely due to provision for deferred income tax arising the Company's unrealized foreign exchange gain position and net of the income tax benefit arising from the Company's net operating loss carryover for nine months ended September 2022. Because of the foregoing movements, accounting net income grew by 125.4% to ₱70.9 million as of end September 2022 driven by trading profits, interest income and tactical foreign exchange positions.

CTS's revenues decreased by 45.8% to ₱58.4 million from ₱107.7 million largely due to lower trading gains on proprietary trading from both local and global stock markets which continued to fall as global inflation remains triggering recessionary fears and liquidity problems. Meanwhile, interest income grew by 707.3% or by ₱16.3 million because of additional investments made in peso-denominated government debt securities this year.

Cost of services decreased by 33.8% to ₱46.8 million from ₱70.7 million mainly due to lower commission expenses booked as of end September 2022 brought about by decrease in related proprietary trading gains as of end September 2022.

Personnel costs booked under operating expenses decreased by 25.6% to ₱7.5 million. Combined with personnel costs booked under cost of services, total personnel costs were down by ₱4.2 million as of end September 2022.

Other income increased by 333.1% to ₱93.2 million largely due to higher unrealized foreign exchange gain booked as of end September 2022. The exchange rates closed at ₱58.91 and ₱7.5047 per US$1 and HK$1 on September 30, 2022, respectively, and ₱50.77 and ₱6.51 per US$1 and HK$1 on December 31, 2021, respectively.

Total expenses comprised of cost of services and operating expenses decreased by 28.4% to ₱66.5 million from ₱92.9 million.

The net provision for deferred income tax of ₱14.2 million pertains to the Company's unrealized foreign exchange gain position on foreign currency-denominated deposits with brokers and net of the income tax benefit arising from the Company's net operating loss carryover as of nine month ended September 2022. There is no provision for current income tax as of end September 2022 due to the Company's net operating loss position, for tax purposes, of ₱36.0 million.

As a result of the foregoing movements, net income as of end September 2022 increased by 125.4% to ₱70.9 million from ₱31.4 million driven by trading profits, interest income and tactical foreign exchange positions.

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 commitments for capital expenditures.

e. 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.

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

g. 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
November 17, 2023

Edmund C. Lee
Chief Finance Officer
November 17, 2023

CTS GLOBAL EQUITY GROUP, INC.

STATEMENTS OF FINANCIAL POSITION

		September 30, 2023 (Unaudited)			December 31, 2022 (Audited)		
			Security Valuation			Security Valuation	
	Note	Money Balance	Long	Short	Money Balance	Long	Short
ASSETS							
Current Assets							
Cash and cash equivalents	6	**₱427,382,677**			₱477,190,696		
Financial assets at fair value through profit or loss (FVPL)	7	**107,805,294**	**₱107,805,294**		1,375,625	₱1,375,625	
Trade receivables	8	**363,940,973**	**899,517,508**		389,117,645	710,158,508	
Investments in government securities - current portion	9	**–**			50,000,000		
Other current assets	10	**32,478,473**			17,943,830		
Total Current Assets		**931,607,417**			935,627,796		
Noncurrent Assets							
Investments in government securities - net of current portion	9	**1,244,635,157**			1,225,214,902		
Intangible assets	11	**2,957,394**			3,126,647		
Property and equipment	12	**10,632,397**			8,983,912		
Investment property	13	**9,160,254**			9,642,372		
Net deferred tax assets	21	**15,462,844**			5,539,275		
Other noncurrent assets	14	**12,049,516**			11,389,319		
Total Noncurrent Assets		**1,294,897,562**			1,263,896,427		
Total Assets		**₱2,226,504,979**			₱2,199,524,223		
Securities in Vault, Transfer Offices, and Philippine Depository and Trust Corporation				**₱10,548,210,753**			₱9,026,477,334
LIABILITIES AND EQUITY							
Current Liabilities							
Trade payables	15	**₱202,592,215**	**9,540,887,951**		₱172,678,596	8,314,943,201	
Lease liabilities - current portion	20	**1,930,255**			1,187,974		
Other current liabilities	16	**1,764,826**			17,861,153		
Total Current Liabilities		**206,287,296**			191,727,723		
Noncurrent Liabilities							
Net retirement benefit liability	19	**17,939,384**			18,239,384		
Lease liabilities - net of current portion	20	**2,284,945**			507,558		
Total Noncurrent Liabilities		**20,224,329**			18,746,942		
Total Liabilities		**226,511,625**			210,474,665		
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	**11,927,718**			6,704,006		
Unappropriated		**70,646,283**			79,313,664		
Other equity reserves		**6,362,475**			(8,024,990)		
Total Equity		**1,999,993,354**			1,989,049,558		
Total Liabilities and Equity		**₱2,226,504,979**	**₱10,548,210,753**	**₱10,548,210,753**	₱2,199,524,223	₱9,026,477,334	₱9,026,477,334

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	For the Nine Months Ended September 30 **2023**	For the Nine Months Ended September 30 2022	For the Quarter Ended September 30 **2023**	For the Quarter Ended September 30 2022
REVENUES					
Interests	6	**₱73,742,526**	₱18,557,633	**₱24,929,076**	₱14,606,376
Trading gains (losses) on financial assets at FVPL - net	7	**(20,454,978)**	28,187,601	**(1,362,994)**	(20,265,570)
Commissions		**4,506,803**	10,289,109	**842,774**	2,119,050
Dividends	7	**1,996,407**	1,342,651	**1,049,351**	495,768
		59,790,758	58,376,994	**25,458,207**	(3,044,376)
COSTS OF SERVICES					
Personnel costs	18	**19,787,946**	17,576,267	**5,794,496**	5,293,224
Transaction costs		**13,241,508**	9,584,271	**3,362,479**	3,418,333
Commissions		**6,051,555**	14,720,537	**1,797,665**	4,278,530
Research		**1,887,239**	1,802,741	**619,463**	637,547
Stock exchange dues and fees		**1,327,557**	1,628,523	**395,516**	557,987
Communications		**772,690**	617,365	**299,763**	204,588
Central depository fees		**767,234**	860,301	**270,648**	244,595
		43,835,729	46,790,005	**12,540,030**	14,634,804
GROSS PROFIT (LOSS)		**15,955,029**	11,586,989	**12,918,177**	(17,679,180)
OPERATING EXPENSES					
Personnel costs	18	**8,480,548**	7,532,686	**2,483,355**	2,268,525
Insurance and bonds		**1,432,945**	1,164,925	**589,644**	524,004
Condominium dues, power and water		**1,292,804**	1,274,682	**347,590**	465,119
Taxes and licenses		**857,003**	1,120,813	**282,795**	461,751
Security services		**833,726**	851,904	**285,735**	266,800
Communications		**633,515**	895,825	**222,317**	291,632
Trainings and seminars		**331,788**	235,290	**146,971**	62,807
Escrow fees		**196,329**	216,027	**45,000**	95,000
Office supplies		**175,024**	286,432	**87,187**	117,748
Professional fees		**150,000**	1,836,000	**50,000**	1,136,000
Repairs and maintenance		**90,851**	189,660	**40,873**	31,989
Others		**867,182**	712,492	**276,765**	199,373
		15,341,715	16,316,736	**4,858,232**	5,920,748
Depreciation and amortization	11	**3,194,675**	3,258,538	**1,091,667**	1,059,955
Interest expense	20	**33,458**	110,505	**9,011**	90,475
Provision for (reversal of) credit losses	8	**44,240**	(137,348)	**50,776**	(846,571)
		18,614,088	19,548,431	**6,009,686**	6,224,607
OTHER INCOME					
Foreign exchange gains - net		**5,834,215**	93,082,380	**9,365,919**	48,220,501
Other income		**1,786**	–	**1,786**	–
		5,836,001	93,082,380	**9,367,705**	48,220,501
INCOME BEFORE INCOME TAX		**₱3,176,942**	₱85,120,938	**₱16,276,196**	₱24,316,714

(Forward)

	Note	For the Nine Months Ended September 30		For the Quarter Ended September 30	
		2023	2022	**2023**	2022
INCOME TAX EXPENSE (BENEFIT FROM INCOME TAX)	21				
Current		**₱–**	₱–	**₱–**	(₱263,340)
Deferred		**(14,719,389)**	14,248,387	**(1,212,427)**	3,578,870
		(14,719,389)	14,248,387	**(1,212,427)**	3,315,530
NET INCOME		**17,896,331**	70,872,551	**17,488,623**	21,001,184
OTHER COMPREHENSIVE INCOME					
To be reclassified to profit or loss in subsequent periods					
Unrealized gain on changes in fair value of debt securities at FVOCI		**19,183,285**	–	**2,280,740**	–
Deferred income tax benefit (expense)		**(4,795,821)**	–	**(570,185)**	–
		14,387,464	–	**1,710,555**	–
TOTAL COMPREHENSIVE INCOME		**₱32,283,795**	₱70,872,551	**₱19,199,178**	₱21,001,184
Basic/Diluted Earnings Per Share	22	**₱0.002603**	₱0.011561	**₱0.002544**	₱0.003426

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(With Comparative Figures for Nine Months Ended September 30, 2022)

				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, 2022		**₱687,500,000**	**₱1,223,556,878**	**₱6,704,006**	**₱79,313,664**	**₱86,017,670**	**(₱14,014,505)**	**₱5,989,515**	**₱1,989,049,558**
Declaration of cash dividends	**4**	**–**	**–**	**–**	**(21,340,000)**	**(21,340,000)**	**–**	**–**	**(21,340,000)**
Net income		**–**	**–**	**–**	**17,896,331**	**17,896,331**	**–**	**–**	**17,896,331**
Appropriation	**4**	**–**	**–**	**5,223,712**	**(5,223,712)**	**–**	**–**	**–**	**–**
Other comprehensive income	**9**	**–**	**–**	**–**	**–**	**–**	**14,387,465**	**–**	**14,387,465**
Balances September 30, 2023		**₱687,500,000**	**₱1,223,556,878**	**₱11,927,718**	**₱70,646,283**	**₱82,574,001**	**₱372,960**	**₱5,989,515**	**₱1,999,993,354**

				Retained Earnings			Other Equity Reserves		
	Note	Capital Stock	Additional Paid-In Capital Additional	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, 2021		₱550,000,000	₱–	₱4,689,519	₱29,091,026	₱33,780,545	₱–	₱2,407,562	₱586,188,107
Issuance of shares	4	137,500,000	1,223,556,878	–	–	–	–	–	1,361,340,878
Net income		–	–	–	70,872,551	70,872,551	–	–	70,872,551
Appropriation	4	–	–	2,014,487	(2,014,487)	–	–	–	–
Balances at September 30, 2022		₱687,500,000	₱1,223,556,878	₱6,704,006	₱97,949,090	₱104,653,096	₱–	₱2,407,562	₱2,018,117,536

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

UNAUDITED STATEMENTS OF CASH FLOWS

		For the Nine Months Ended September 30	
	Note	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱3,176,942**	₱85,120,938
Adjustments for:			
Interest income	6	**(73,742,526)**	(18,557,633)
Unrealized foreign exchange gains - net		**(5,834,215)**	(93,082,380)
Depreciation and amortization	11	**3,194,675**	3,258,538
Dividend income	7	**(1,996,407)**	(1,342,651)
Unrealized losses on financial assets at FVPL - net	7	**674,325**	236,532
Provision for (reversal of) credit losses	8	**44,240**	(137,348)
Interest expense	20	**33,458**	110,505
Operating income (loss) before working capital changes		**(74,449,508)**	(24,393,499)
Decrease (increase) in:			
Financial assets at FVPL		**(105,202,355)**	(12,036,028)
Trade receivables		**29,162,610**	(69,269,379)
Other current assets		**(1,347,181)**	(2,372,426)
Other noncurrent assets		**(660,197)**	(638,817)
Increase (decrease) in:			
Trade payables		**29,913,619**	(143,651,314)
Other current liabilities		**(16,096,327)**	(5,872,031)
Net cash generated from (used in) operations		**(138,679,339)**	(258,233,494)
Interest received		**60,516,918**	6,464,594
Dividend received		**1,811,674**	1,346,971
Net cash provided by (used in) operating activities		**(76,350,747)**	(250,421,929)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity of investment in a government security	9	**50,000,000**	–
Additions to:			
Property and equipment	12	**(14,839)**	(211,403)
Assets under Construction in-Progress	12	**(385,265)**	–
Intangible assets	11	**(247,200)**	(618,000)
Investments in government securities		**–**	(897,211,844)
Contribution to the retirement fund		**(300,000)**	–
Net cash from (used in) investing activities		**49,052,696**	(898,041,247)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	20	**(1,058,275)**	(1,077,576)
Payment of cash dividends		**(21,340,000)**	–
Net proceeds from the issuance of shares	4	**–**	1,361,056,878
Net cash provided by (used in) financing activities		**(22,398,275)**	1,359,979,302

(Forward)

	For the Nine Months Ended September 30	
	2023	2022
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(₱49,696,326)**	₱211,516,126
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(111,693)**	5,233,892
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**477,190,696**	444,299,376
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱427,382,677**	₱661,049,394

CTS GLOBAL EQUITY GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

CTS Global Equity Group, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on June 26, 1986. 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 October 16, 2019, the Board of Directors (BOD) and the stockholders of the Company approved the following amendments to the Company's Articles of Incorporation (AOI) to: (a) change the primary purpose to include incidental activities of the Company to buy, sell or otherwise deal in foreign exchange; to hold interest in any form of association; to purchase, hire, own, or otherwise acquire and dispose of any lands, tenants, buildings, or property, which may be necessary or convenient for the immediate needs of the corporation and its staff; (b) change the term of existence from 50 years from and after the date of incorporation to a perpetual existence; and (c) increase the authorized capital stock of the Company from ₱200.0 million divided into 2.0 million shares of common stock at ₱100.0 par value per share to ₱800.0 million divided into 800.0 million shares of common stock at ₱1.0 par value per share. These amendments were approved by the SEC on January 22, 2020.

On April 8, 2020, the BOD and stockholders of the Company approved the following amendments to the Company's AOI: (a) the name of the Company shall be "CTS Global Equity Group, Inc." doing business under the trade names and styles of CTS Global, CTS Global Equities, CTS Global Securities, CTS Securities, Citisecurities (formerly Citisecurities, Inc.); and (b) the authorized capital stock of the Company amounting to ₱800.0 million shall be divided into 8.0 billion shares of common stock at ₱ 0.10 par value per share. These amendments were approved by the SEC on April 14, 2021 (see Note 4).

On November 5, 2021, the BOD and stockholders of the Company authorized the Company to undertake an initial public offering (IPO) of its shares with the PSE. On March 10, 2022 and March 16, 2022, the SEC and the PSE, respectively, approved the Company's application for IPO of its shares.

On April 13, 2022, the Company completed its IPO and 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. The proceeds from the IPO amounted to ₱1,375.0 million (see Note 4).

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

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial 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 fair value through profit or loss (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

Adoption of Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following relevant amended PFRS:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The 'costs of fulfilling' a contract comprise the 'costs that relate directly to the contract'. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

- Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 percent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

- Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removed from Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

- Amendments to PAS 1, Presentation of Financial Statements, and PFRS Practice Statement 2, Making Materiality Judgments - Disclosure Initiative - Accounting Policies – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

The adoption of the amended PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amended PFRS Issued but Not Yet Effective

Relevant amended PFRS, which are not yet effective as at January 1, 2023 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers,* to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

Under prevailing circumstances, the adoption of the foregoing amended PFRS 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 "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 September 30, 2023 and December 31, 2022, the Company's cash and cash equivalents, trade receivables, certain government securities (included under "Investments in government securities" account in the statements of financial position), interest receivables, dividends receivables and receivables from employee (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 debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not "solely for payment of principal and interest", and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell. The Company may, at initial recognition, designate a debt instrument meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

This category also includes equity instruments which 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 September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022, 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 amortized cost, its fair value at the reclassification date becomes its new carrying amount.

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 expected credit losses (ECL) based on the 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 costs, 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 September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022, the Company's trade payables, dividends payable to stockholders, 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.

Intangible Assets under Development. Intangible assets under development are measured at cost, net of any accumulated impairment losses. Cost includes cost of development and other directly attributable costs. Intangible assets under development are not amortized until such time that the relevant intangible assets are completed and ready for intended use.

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.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in profit or loss in the period of derecognition.

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, prepayments and input value-added tax (VAT).

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.

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 recoverable from or payable to the taxation authority is included as part of "Other current assets" or "Other current liabilities" accounts, respectively, in the statements of financial position.

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 obtainable from the sale of an asset in an arm's-length transaction. 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.

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.

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

Other Equity Reserves. Other equity reserves consist of the cumulative balance of items of income and expense that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Company pertain to cumulative unrealized 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.

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:

Interest. 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.

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

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, commission, 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. 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 the 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 excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), 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 the 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.

Events after the Reporting Date

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

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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 September 30, 2023 and December 31, 2022, the Company's investments in various listed equity securities are classified as financial assets at FVPL, while certain investments in government securities are classified as financial assets at FVOCI and amortized cost (see Notes 7 and 9).

Determination of 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 whether or not 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 Company is not reasonably certain to exercise any renewal or termination option on its leases. Hence, only 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 September 30, 2023 and December 31, 2022, 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, 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 show 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.

Provision for (reversal of) credit losses on trade receivables is as follows:

	Note	**September 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
Provision for (reversal of) credit losses on trade receivables	8	**₱44,240**	(₱137,348)

The carrying amounts of trade receivables and related allowance for credit losses are as follows:

	Note	**September 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
Trade receivables	8	**₱363,940,973**	₱389,117,645
Allowance for credit losses	8	**410,886**	366,646

Assessment of the ECL on Other Financial Assets at Amortized Cost. 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 September 2023 and 2022.

The carrying amounts of other financial assets at amortized cost are as follows:

	Note	**September 30, 2023 (Unaudited)**	December 31,2022 (Audited)
Cash and cash equivalents	6	**₱427,382,677**	₱477,190,696
Investments in government securities*	9	**464,055,906**	513,818,936
Interest receivables**	10	**20,531,523**	7,300,442
Dividend receivables**	10	**187,440**	–
Receivables from employees**	10	**1,275,600**	1,194,286
Refundable deposits***	14	**11,766,661**	11,062,124

**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.*

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 September 2023 and 2022.

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.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost to sell is the net amount obtainable from the sale of an asset in an arm's-length transaction. 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.

No impairment loss on intangible assets, property and equipment, investment property and other nonfinancial assets was recognized in September 2023 and 2022.

The carrying amounts of nonfinancial assets are as follows:

	Note	**September 30, 2023 (Unaudited)**	December 31,2022 (Audited)
Property and equipment	12	**₱10,632,397**	₱8,983,912
Investment property	13	**9,160,254**	9,642,372
Intangible assets	11	**2,957,394**	3,126,647
Other current assets*	10	**10,483,910**	9,449,102
Other noncurrent assets**	14	**282,855**	327,195

**Excluding interest receivable, dividends receivable and receivables from employees of ₱20.5 million, ₱0.2 million and ₱1.3 million as at September 30, 2023 and ₱7.3 million, nil and ₱1.2 million as at December 31, 2022, respectively.*
***Excluding refundable deposits amounting ₱11.8 million and ₱11.1 million as at September 30, 2023 and December 31, 2022, respectively.*

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 6.23% to 6.26% as of September 30, 2023 and 3.87% to 4.92% as of December 31, 2022, for the computation of lease liabilities and ROU assets.

Lease liabilities amounted to ₱4.2 million and ₱1.7 million as at September 30, 2023 and December 31, 2022, respectively. Carrying amount of ROU assets amounted to ₱4.2 million and ₱1.7 million as at September 30, 2023 and December 31, 2022, respectively (see Note 20).

Determination of 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.

Net retirement benefit liability amounted to ₱17.9 million and ₱18.2 million as at September 30, 2023 and December 31, 2022, respectively (see Note 19).

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.

The Company recognized deferred tax assets amounting to ₱25.8 million and ₱14.2 million as at September 30, 2023 and December 31, 2022, respectively, because management believes that the Company will be able to generate sufficient taxable income against which these deferred tax assets can be utilized (see Note 21).

4. Financial Risk Management Objectives and Policies

The Company's financial instruments consist mainly of cash and cash equivalents, financial assets at FVPL, trade receivables, interest receivables and receivables from employees (included under "Other current assets" account in the statements of financial position), investments in government securities, refundable deposits (included under "Other noncurrent assets" account in the statements of financial position), trade payables, other current liabilities (excluding statutory liabilities), and lease liabilities.

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.

	September 30, 2023 (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	**₱427,370,677**	**₱–**	**₱–**	**₱427,370,677**
Trade receivables	**–**	**363,940,973**	**410,886**	**364,351,859**
Investments in government securities*	**–**	**464,055,906**	**–**	**464,055,906**
Interest receivables**	**–**	**20,531,523**	**–**	**20,531,523**
Dividend receivables**	**–**	**187,440**	**–**	**187,440**
Receivables from employees**	**–**	**1,275,600**	**–**	**1,275,600**
Refundable deposits***	**–**	**11,766,661**	**–**	**11,766,661**
	₱427,370,677	**₱861,758,103**	**₱410,886**	**₱1,289,539,666**

**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.*

	December 31, 2022 (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	₱477,178,696	₱–	₱–	₱477,178,696
Trade receivables	–	389,117,645	366,646	389,484,291
Investments in government securities*	–	513,818,936	–	513,818,936
Interest receivables**	–	7,300,442	–	7,300,442
Receivables from employees**	–	1,194,286	–	1,194,286
Refundable deposits***	–	11,062,124	–	11,062,124
	₱477,178,696	₱922,493,433	₱366,646	₱1,400,038,775

**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 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 Company has no significant concentration of credit risk with any single counterparty or Company 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 aging analysis of the Company's receivables from customers is as follows:

	September 30, 2023 (Unaudited)		
Days from Transaction Date of Counterparty	**Amount**	**Collateral (net of haircut)**	**Counterparty Exposure**
1 - 2 days	**₱3,108,768**	**₱568,725,286**	**₱–**
3 - 13 days	**2,553,715**	**22,639,798**	**51,075**
14 - 31 days	–	–	–
Over 31 days	**361,710**	**1,099,226**	**359,811**
	₱6,024,193	**₱592,464,310**	**₱410,886**

	December 31, 2022 (Audited)		
Days from Transaction Date of Counterparty	Amount	Collateral (net of haircut)	Counterparty Exposure
1 - 3 days	₱312,949	₱457,744,931	₱–
4 - 14 days	104,821	224,640	2,097
15 - 31 days	714	4,297,680	–
Over 31 days	365,542	993	364,549
	₱784,026	₱462,268,244	₱366,646

The Securities Regulation Code (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 September 30, 2023 and December 31, 2022, receivables from customers amounting to ₱5.6 million and ₱0.4 million, respectively, are secured by collateral comprising of equity securities of listed companies with a total market value of ₱899.5 million and ₱710.2 million, respectively (see Note 8).

Receivables from other brokers pertain to funds held by other brokers for the Company's global trading activities. 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 three (3) business days from transaction date. Accordingly, no provision for credit losses on receivables from other brokers and clearing house was recognized in September 30, 2023 and 2022.

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.

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 significant credit risk such as when non-payment arising from 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 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 on other financial assets at amortized cost was recognized in September 30, 2023 and 2022.

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 table below summarizes the maturity profile of the financial liabilities of the Company based on remaining undiscounted cash flows:

	September 30, 2023 (Unaudited)				
	On Demand	**1 to 3 Months**	**>3 to 12 Months**	**>1 to 5 Years**	**Total**
Trade payables	**₱202,592,215**	**₱–**	**₱–**	**₱–**	**₱202,592,215**
Lease liabilities	**–**	**478,025**	**1,618,361**	**2,365,674**	**4,462,060**
Other current liabilities*	**–**	**1,057,860**	**–**	**–**	**1,057,860**
	₱202,592,215	**₱1,535,885**	**₱1,618,361**	**₱2,365,674**	**₱208,112,135**

Excluding statutory liabilities amounting to ₱0.7 million as at September 30, 2023.

	December 31, 2022 (Audited)				
	On Demand	1 to 3 Months	>3 to 12 Months	>1 to 5 Years	Total
Trade payables	₱172,678,596	₱–	₱–	₱–	₱172,678,596
Lease liabilities	–	352,350	876,050	529,935	1,758,335
Other current liabilities*	–	13,467,983	–	–	13,467,983
	₱172,678,596	₱13,820,333	₱876,050	₱529,935	₱187,904,914

Excluding statutory liabilities amounting to ₱4.4 million as at December 31, 2022.

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 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:

	September 30, 2023 (Unaudited)					
	United States (US) Dollar	**Philippine Peso**	**Hong Kong (HK) Dollar**	**Philippine Peso**	**Indonesian (ID) Rupiah**	**Philippine Peso**
Financial assets:						
Cash in banks	**$6,375**	**₱363,146**	**$-**	**₱-**	**Rp-**	**₱-**
Receivables from other brokers	**5,051,442**	**287,735,186**	**770,842**	**5,608,340**	**7,812,968,756**	**28,126,688**
	$5,057,817	**₱288,098,332**	**$770,842**	**₱5,608,340**	**Rp7,812,968,756**	**₱28,126,688**

	December 31, 2022 (Audited)					
	United States (US) Dollar	Philippine Peso	Hong Kong (HK) Dollar	Philippine Peso	Indonesian (ID) Rupiah	Philippine Peso
Financial assets:						
Cash in banks	$91,616	₱5,141,488	$ –	₱ –	Rp–	₱ –
Receivables from other brokers	5,007,784	281,036,811	5,753,021	41,419,452	7,500,551,463	27,001,985
	$5,099,400	₱286,178,299	$5,753,021	₱41,419,452	Rp7,500,551,463	₱27,001,985

For purposes of restating the outstanding balances of the Company's foreign currency-denominated monetary financial assets as at September 30, 2023, the exchange rates applied were ₱56.961, ₱7.276 and ₱0.0036 per US$1, HK$1 and IDR1, respectively. As at December 31, 2022, the exchange rates applied were ₱56.12, ₱7.19 and ₱0.0036 per US$1, HK$1 and IDR1, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, HK dollar and ID rupiah exchange rates, with all other variables held constant, of the Company's income before tax in September 30, 2023 and 2022. There is no other impact on the Company's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate			Effect on Income before Tax		
	US Dollar	HK Dollar	ID Rupiah	US Dollar	HK Dollar	ID Rupiah
September 30, 2023	**+0.79**	**+0.10**	**+0.000076**	**₱3,997,480**	**₱80,122**	**₱594,623**
	-0.79	**-0.10**	**-0.000076**	**(3,997,480)**	**(80,122)**	**(594,623)**
September 30, 2022	+2.20	+0.25	+0.00006	₱24,336,505	₱1,464,115	₱460,856
	-2.20	-0.25	-0.00006	(24,336,505)	(1,464,115)	(460,856)

Equity Price Risk. Equity price risk arises 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 PSE and 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 minimum unimpaired 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 September 30, 2023 and December 31, 2022, respectively.

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

	September 30, 2023 (Unaudited)		December 31, 2022 (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	–	–	–	–
Addition	–	–	–	–
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**	5,500,000,000	₱550,000,000
Addition	–	–	1,375,000,000	137,500,000
Effect of stock split	–	–	–	–
Balance at end of year	**6,875,000,000**	**₱687,500,000**	6,875,000,000	₱687,500,000

On January 22, 2020, the SEC approved the Company's increase in authorized capital stock applied on November 6, 2019. Accordingly, deposit for future stock subscriptions of ₱300.0 million was applied against the issuances of additional 300.0 million shares at ₱1.00 par value per share from the Company's unissued capital stock. In 2020, the directly attributable costs on the increase in authorized capital stock and issuances of additional shares amounted to ₱4.2 million.

On April 8, 2020, the BOD and stockholders of the Company approved the change in the par value of the authorized capital stock from ₱1.00 per share to ₱0.10 per share.

On April 14, 2021, the SEC approved the Company's change in par value of its authorized capital stock.

On July 15, 2021, the Company issued additional 500.0 million shares at ₱0.10 par value per share from the Company's unissued capital stock. Stock issuance costs pertaining to documentary stamp tax paid by the Company amounted to ₱0.5 million.

On December 13, 2021, the Company incurred additional stock issuance costs amounting to ₱1.1 million in relation to the application for registration of securities with the SEC for its initial public offering.

On April 13, 2022, the Company, upon listing in the PSE, 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.

Portion of the net proceeds for the IPO were used in the Company's scaling of global trading operations.

The unapplied proceeds as at September 30, 2023 amounting to ₱791.5 million 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, general corporate purposes and client account management expansion.

Retained Earnings

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 ₱5.2 million and ₱2.0 million in 2023 and 2022, respectively. The total amount of appropriated retained earnings amounted to ₱11.9 million and ₱6.7 million as at September 30, 2023 and December 31, 2022, respectively.

On May 12, 2023, the BOD declared a regular and a special dividend amounting to ₱0.000776 per share held or ₱5,335,000 (6,875,000,000 shares multiplied by ₱0.000776 cash dividend per share) and ₱0.002328 per share held or ₱16,005,000 (6,875,000,000 shares multiplied by ₱0.002328 cash dividend per share), respectively, to stockholders as of record date of June 9, 2023. These dividends were paid on July 5, 2023.

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:

a. Equity per books;
b. Liabilities subordinated to the claims of creditors in conformity with SRC Rule 49.1 and in accordance with a prescribed schedule; and
c. 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:

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

AI shall mean the total money liabilities of a broker/dealer arising in connection with any transaction whatsoever 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
NLC:		
Equity eligible for NLC	**₱1,967,823,415**	₱1,991,535,273
Less ineligible assets	**46,559,070**	44,387,021
	1,921,264,345	1,947,148,252
Required NLC:		
Higher of:		
5% of AI	**9,991,880**	9,228,362
Minimum amount	**5,000,000**	5,000,000
	9,991,880	9,228,362
Net risk-based capital excess	**₱1,911,272,465**	₱1,937,919,890

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 10% as at September 30, 2023 and December 31, 2022, 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:

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
NLC	**₱1,921,264,345**	₱1,947,148,252
TRCR:		
Operational risk	**32,253,457**	24,792,836
Credit risk	**44,464,952**	44,704,226
Position risk	**97,901,646**	64,067,115
Total risk capital requirement	**₱174,620,055**	₱133,564,177
RBCA ratio	**1,100%**	1,458%

As at September 30, 2023 and December 31, 2022, 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Capital stock	**₱687,500,000**	₱687,500,000
Additional paid-in capital	**1,223,556,878**	1,223,556,878
Opening retained earnings adjusted for all current year movements	**64,677,670**	33,780,545
Core equity	**1,975,734,548**	1,944,837,423
ORR	**32,253,457**	24,792,836
Ratio of Core Equity to ORR	**6,126%**	7,844%

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:

		September 30, 2023 (Unaudited)			
			Fair Value		
	Note	**Carrying Amount**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Asset measured at fair value:					
Financial assets at FVPL	7	**₱107,805,294**	**₱107,805,294**	**₱–**	**₱–**
Investments in government securities measured at FVOCI	9	**780,579,251**	**780,579,251**	**–**	**–**
Assets for which fair value is disclosed:					
Investment property	13	**9,160,254**	**–**	**–**	**28,205,037**
Investments in government securities measured at amortized cost	9	**464,055,906**	**475,674,796**	**–**	**–**
		₱1,361,600,705	**₱1,364,059,341**	**₱–**	**₱28,205,037**

		December 31, 2022 (Audited)			
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset measured at fair value:					
Financial assets at FVPL	7	₱1,375,625	₱1,375,625	₱–	₱–
Investments in government securities measured at FVOCI	9	761,395,966	761,395,966	–	–
Assets for which fair value is disclosed:					
Investment property	13	9,642,372	–	–	28,205,037
Investments in government securities measured at amortized cost	9	513,818,936	514,539,233	–	–
		₱1,286,232,899	₱1,277,310,824	₱–	₱28,205,037

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 September 30, 2023 and December 31, 2022 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 3 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 comparables 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 September 30, 2023 and December 31, 2022 is its highest and best use.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements in 2023 and 2022.

The table below presents 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Financial assets at amortized cost:		
Cash and cash equivalents	**₱427,382,677**	₱477,190,696
Trade receivables	**363,940,973**	389,117,645
Interest receivables*	**20,531,523**	7,300,442
Receivables from employees*	**1,275,600**	1,194,286
Dividend receivables**	**187,440**	–
Refundable deposits**	**11,766,661**	11,062,124
	₱825,084,874	₱885,865,193

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Other financial liabilities at amortized cost:		
Trade payables	**₱202,592,215**	₱172,678,596
Other current liabilities*	**1,057,860**	13,467,983
	₱203,650,075	₱186,146,579

**Excluding statutory liabilities aggregating to ₱0.7 million and ₱4.4 million as at September 30, 2023 and December 31, 2022, 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand and in banks	**₱160,487,228**	₱175,501,374
Short-term placements	**266,895,449**	301,689,322
	₱427,382,677	₱477,190,696

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 5.40% to 6.25% and 0.9% to 5.6% per annum as of period ended September 30, 2023 and December 31, 2022.

Interest income were derived from:

	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Investments in government securities	9	**₱51,322,227**	₱10,181,961
Receivables from other brokers	8	**12,513,892**	4,629,955
Short-term placements		**8,806,068**	2,375,250
Cash in banks		**1,100,339**	1,370,467
		₱73,742,526	₱18,557,633

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 ₱402.3 million and ₱458.5 million as at September 30, 2023 and December 31, 2022, respectively. The Company's reserve requirement is determined weekly based on the SEC's prescribed computation. As at September 30, 2023 and December 31, 2022, the Company's reserve accounts are adequate to cover its reserve requirements.

7. Financial Assets at FVPL

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Listed shares:		
Local	**₱53,455,078**	₱1,375,625
Global	**54,350,216**	–
	₱107,805,294	₱1,375,625

The Company's financial assets at FVPL as at September 30, 2023 and December 31, 2022 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 ₱2.0 million and ₱1.3 million as of September 30, 2023 and 2022, respectively.

Net trading gains (losses) on investments in securities consist of the following:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Realized fair value gains (losses) from:		
Global trading	**(₱35,177,582)**	₱8,747,936
Local trading	**15,396,929**	19,676,197
Unrealized gains (losses) on fair value changes on stocks held from:		
Global trading	**(216,332)**	(255,167)
Local trading	**(457,993)**	18,635
	(₱20,454,978)	₱28,187,601

8. **Trade Receivables**

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Receivables from:		
Other brokers	**₱319,990,309**	₱349,458,248
Clearinghouse	**38,337,357**	39,242,017
Customers	**6,024,193**	784,026
	364,351,859	389,484,291
Less allowance for credit losses	**410,886**	366,646
	₱363,940,973	₱389,117,645

Receivables from other brokers pertain to the funds deposited with other brokers as at September 30, 2023 and December 31, 2022 in order for the Company to trade in other foreign markets. Interest income earned from receivables from other brokers amounted to ₱12.5 million and ₱4.7 million as of September 30, 2023 and 2022, respectively. (see Note 6).

Receivables from clearinghouse are due and collectible after two to three business days from the transaction date. Accordingly, balances as at September 30, 2023 and December 31, 2022, were fully collected in October 2023 and January 2023, respectively.

Receivables from customers consist of amounts due within one (1) year from the reporting date as follows:

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Money Balances	**Security Valuation - Long**	Money Balances	Security Valuation - Long
Cash and fully secured accounts:				
More than 250%	**₱5,663,446**	**₱899,516,068**	₱418,484	₱710,156,980
Between 200% and 250%	–	–	–	–
Between 150% and 200%	–	–	–	–
Between 100% and 150%	–	–	–	–
Partially secured accounts	**4,252**	**1,440**	6,797	1,528
Unsecured accounts	**356,495**	–	358,745	–
	6,024,193	**899,517,508**	784,026	710,158,508
Less allowance for credit losses	**410,886**	–	366,646	–
	₱5,613,307	**₱899,517,508**	₱417,380	₱710,158,508

Collaterals related to receivables from customers pertain to listed equity securities amounting to ₱899.5 million and ₱710.2 million as at September 30, 2023 and December 31, 2022, 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.

Provision for credit losses pertains to specific provisions on past due receivables. The movements in the allowance for credit losses are as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of year	**₱366,646**	₱502,152
Provision for (reversal of) credit losses	**44,240**	(135,506)
Balance at end of period	**₱410,886**	₱366,646

9. **Investments in Government Securities**

The balances and movements of this account as at September 30, 2023 and December 31, 2022 are as follows:

	September 30, 2023 (Unaudited)		
	Financial Asset at Amortized Cost	**Financial Asset at FVOCI**	**Total**
Balance at beginning of year	**₱513,818,936**	**₱761,395,966**	**₱1,275,214,902**
Additions	**–**	**–**	**–**
Maturities	**(50,000,000)**	**–**	**(50,000,000)**
Net amortization of discount (premium)	**236,970**	**–**	**236,970**
Net unrealized fair value gains	**–**	**19,183,285**	**19,183,285**
Balance at end of year	**₱464,055,906**	**₱780,579,251**	**₱1,244,635,157**

	December 31, 2022 (Audited)		
	Financial Asset at Amortized Cost	Financial Asset at FVOCI	Total
Balance at beginning of year	₱50,000,000	₱–	₱50,000,000
Additions	463,519,250	781,182,560	1,244,701,810
Net amortization of discount (premium)	299,686	(1,100,587)	(800,901)
Net unrealized fair value losses	–	(18,686,007)	(18,686,007)
Balance at end of year	₱513,818,936	₱761,395,966	₱1,275,214,902

Cumulative unrealized gain on changes in fair value of financial assets at FVOCI amounted to ₱0.4 million, net of related deferred tax amounting to ₱0.1 million as at September 30, 2023 (see Note 21).

This account is presented in the statements of financial position as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current	**₱–**	₱50,000,000
Noncurrent	**1,244,635,157**	1,225,214,902
	₱1,244,635,157	₱1,275,214,902

The interest rates of financial assets at amortized cost ranges from 4.625% to 7.50% per annum as at September 30, 2023 and December 31, 2022.

The interest rates of financial assets at FVOCI ranges from 6.25% to 7.25% per annum as at September 30, 2023 and December 31, 2022.

Interest income on investments in government securities amounted to ₱51.3 million and ₱10.2 million as of September 30, 2023 and 2022, respectively.

10. Other Current Assets

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Interest receivables	**₱20,531,523**	₱7,300,442
Excess tax credits	**7,688,811**	7,671,973
Receivable from employees	**1,275,600**	1,194,286
Prepayments	**2,041,154**	1,149,493
Input VAT	**687,602**	153,284
Dividend receivables	**187,440**	–
Others	**66,343**	474,352
	₱32,478,473	₱17,943,830

Interest receivables which are related to short-term time deposits, receivables from other brokers, and investments in government securities are generally collectible within one (1) year.

Receivable from employees are unsecured, noninterest-bearing and generally collectible within one (1) year.

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

Other receivables are noninterest-bearing and generally settled within one (1) year.

11. Intangible Assets

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Software and licenses	**₱2,482,394**	₱1,662,847
Intangible assets under development	**–**	988,800
Exchange trading right	**475,000**	475,000
	₱2,957,394	₱3,126,647

Software and Licenses

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cost		
Balance at beginning of year	**₱4,140,327**	₱4,140,327
Additions	**1,236,000**	–
Balance at end of year	**5,376,327**	4,140,327
Accumulated Amortization		
Balance at beginning of year	**2,477,480**	2,079,162
Amortization	**416,453**	398,318
Balance at end of year	**2,893,933**	2,477,480
Carrying Amount	**₱2,482,394**	₱1,662,847

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 September 30, 2023 and December 31, 2022, the carrying amount of the exchange trading right is ₱0.5 million.

As at September 30, 2023 and December 31, 2022, the latest transacted price of the exchange trading right, as provided by the PSE, is ₱8.0 million.

No impairment loss was recognized on intangible assets in September 30, 2023 and December 31, 2022.

Details of depreciation and amortization are:

	Note	**September 30, 2023 (Unaudited)**	September 30, 2022 (Unaudited)
Property and equipment	12	**₱2,296,104**	₱2,477,680
Investment property	13	**482,118**	482,119
Intangible assets		**416,453**	298,739
		₱3,194,675	₱3,258,538

12. **Property and Equipment**

The balances and movements of this account are as follows:

	Note	**September 30, 2023 (Unaudited)**			
		Office Condominium Units and Improvements	**Leasehold Improvements**	**Furniture, Fixtures, and Office Equipment**	**Total**
Cost					
Balances at beginning of year		**₱22,776,802**	**₱5,017,465**	**₱22,028,345**	**₱49,822,612**
Additions		**3,550,485**	**–**	**8,839**	**3,559,324**
Derecognition				**(241,429)**	**(241,429)**
Balances at end of year		**26,327,287**	**5,017,465**	**22,028,345**	**53,140,507**
Accumulated Depreciation and Amortization					
Balances at beginning of year		**16,607,646**	**2,645,740**	**21,585,314**	**40,838,700**
Depreciation and amortization	11	**1,742,350**	**371,727**	**182,027**	**2,296,104**
Derecognition				**(241,429)**	**(241,429)**
Balances at end of year		**18,349,996**	**3,017,467**	**21,525,912**	**42,893,375**
Carrying Amounts		**₱7,977,291**	**₱1,999,998**	**₱269,843**	**₱10,247,132**

	Note	December 31, 2022 (Audited)			
		Office Condominium Units and Improvements	Leasehold Improvements	Furniture, Fixtures, and Office Equipment	Total
Cost					
Balances at beginning of year		₱21,900,275	₱5,010,179	₱21,853,774	₱48,764,228
Additions		876,527	7,286	211,580	1,095,393
Derecognition		–	–	(37,009)	(37,009)
Balances at end of year		22,776,802	5,017,465	22,028,345	49,822,612
Accumulated Depreciation and Amortization					
Balances at beginning of year		14,288,176	2,147,354	21,192,802	37,628,332
Depreciation and amortization	11	2,319,470	498,386	429,521	3,247,377
Derecognition		–	–	(37,009)	(37,009)
Balances at end of year		16,607,646	2,645,740	21,585,314	40,838,700
Carrying Amounts		₱6,169,156	₱2,371,725	₱443,031	₱8,983,912

Additions to ROU assets (included as part of "Office condominium units and improvements" in property and equipment) amounting to ₱3.5 million and ₱0.9 million as at September 30, 2023 and December 31, 2022, respectively, are considered as noncash financial information in the statements of cash flows (see Note 20).

As at September 30, 2023 and December 31, 2022, cost of fully-depreciated assets still in use amounted to ₱28.3 million.

Assets Under Construction In-Progress

This pertains to the construction and renovation of one (1) new office unit leased by the Company and is expected to be used in the following year.

13. **Investment Property**

The balances and movements of this account are as follows:

	Note	**September 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
Cost			
Balances at beginning and end of year		**₱12,856,487**	₱12,856,487
Accumulated Depreciation			
Balances at beginning of year		**3,214,115**	2,571,292
Depreciation	11	**482,118**	642,823
Balances at end of year		**3,696,233**	3,214,115
Carrying Amount		**₱9,160,254**	₱9,642,372

Investment property pertains to the condominium unit which is currently held by the Company for undetermined use.

The Company did not earn any rental income nor incurred any direct costs related to its investment property as of September 30, 2023 and 2022.

The fair value of investment property amounted to ₱28.2 million as at September 30, 2023 and December 31, 2022. The fair values were determined using the Sales Comparison Approach. This approach compares sales of similar or substitute properties and related market data to establish an estimated value. The fair value of investment property is categorized under Level 3 (significant unobservable inputs) (see Note 5). As at September 30, 2023 and December 31, 2022, the investment property is not pledged as collateral.

14. **Other Noncurrent Assets**

This account consists of:

	Note	**September 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
Refundable deposits from:			
Clearing and Trade Guarantee Fund (CTGF) contributions		**₱11,483,636**	₱10,978,899
Rental	20	**283,025**	83,225
Others		**282,855**	327,195
		₱12,049,516	₱11,389,319

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:

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Money Balance	**Security Valuation - Long**	Money Balance	Security Valuation - Long
Payable to customers:				
With money balance	**₱182,092,507**	**₱5,901,841,323**	₱171,347,569	₱4,943,180,167
Without money balance	**-**	**3,639,046,628**	–	3,371,763,034
	182,092,507	**9,540,887,951**	171,347,569	8,314,943,201
Dividends payable to customers	**1,331,030**	–	1,331,027	–
Payable to clearinghouse	**19,168,678**	–	–	–
	₱202,592,215	**₱9,540,887,951**	₱172,678,596	₱8,314,943,201

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 on demand.

16. **Other Current Liabilities**

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trading fee payable	**₱420,684**	₱412,328
Social Security System, Pag-IBIG, and PhilHealth payable	**368,734**	292,544
Accounts payable	**199,800**	1,017,912
Due to the BIR	**338,232**	4,100,626
Accruals for:		
Others	**269,376**	453,712
Professional fees	**168,000**	1,200,978
Commissions	–	10,383,053
	₱1,764,826	₱17,861,153

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

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

Trading fee payable and Social Security System, Pag-IBIG, and PhilHealth payable 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:

	Nature of Transactions	Amount of Transactions: **September 30, 2023 (Unaudited)**	Amount of Transactions: September 30, 2022 (Unaudited)	Outstanding Balance: **September 30, 2023 (Unaudited)**	Outstanding Balance: December 31, 2022 (Audited)	Terms and Conditions
Trade Receivables						
Affiliate with common officers and stockholders	Commission income	**₱572,480**	₱ 1,944,409	**₱ 5,826,250**	₱45,028,300	Noninterest-bearing, secured and generally collected in cash within one (1) year
Trade Payables						
Affiliate with common officers and stockholders	Commission expense	**₱ 3,009,514**	₱ 2,997,550	**₱460,846**	₱921,273	3-day; noninterest-bearing; secured; no guarantee; settled in cash
Key management personnel	Commission income	**409,066**	63,884	**10,954,086**	29,516,274	
		₱3,418,580	₱3,061,434	**₱11,414,932**	₱30,437,547	
Other Current Liabilities						
Affiliate with common officers and stockholders	Purchase of goods	**₱6,000**	–	–	–	Noninterest-bearing, unsecured; settled in cash within one (1) year
Personnel Costs						
Key management personnel	Short-term employee benefits	**₱3,964,454**	₱4,081,187	–	–	Noninterest-bearing, unsecured and payable within the month of incurrence
	Directors' fees	**85,000**	–	–	–	

18. **Personnel Costs**

This account consists of:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Salaries and wages	**₱24,078,494**	₱18,722,311
Other benefits	**4,190,000**	6,386,642
	₱28,268,494	₱25,108,953

Personnel costs were distributed as follows:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Cost of services	**₱19,787,946**	₱17,576,267
Operating expenses	**8,480,548**	7,532,686
	₱28,268,494	₱25,108,953

19. **Retirement Benefits**

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 theminimum mandated benefit under RA No. 7641, *The Retirement Pay Law*. There were no termination, curtailment, or settlement as of September 30, 2023 and December 31, 2022.

Under the existing regulatory framework, RA 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

20. **Leases**

The Company, as lessee, has lease agreements for its office spaces with lease terms ranging from two (2) to three (3) years as at September 30, 2023 and December 31, 2022, respectively. The leases are renewable upon mutual agreement of the parties. Refundable deposits on these lease agreements amounted to ₱0.3 million and ₱0.1 million as at September 30, 2023 and December 31, 2022, respectively (see Note 14).

The balance and movements of the ROU assets (included as component of property and equipment) are as follows:

	Note	**September 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
Cost			
Balance at beginning of year		**₱6,076,476**	₱5,214,257
Additions	12	**3,544,485**	862,219
Balance at end of year		**9,620,961**	6,076,476
Accumulated Depreciation			
Balance at beginning of year		**4,397,640**	3,017,931
Depreciation		**1,036,732**	1,379,709
Balance at end of year		**5,434,372**	4,397,640
Carrying Amount		**₱4,186,589**	₱1,678,836

The balance and movements of lease liabilities are as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of year	**₱1,695,532**	₱2,208,628
Additions	**3,544,485**	862,219
Interest expense	**33,458**	54,611
Lease payments	**(1,058,275)**	(1,429,926)
Balance at end of year	**₱4,215,200**	₱1,695,532

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current	**₱1,930,255**	₱1,187,974
Noncurrent	**2,284,945**	507,558
	₱4,215,200	₱1,695,532

The Company recognized the following lease-related expenses:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Depreciation	**₱1,036,732**	₱1,034,132
Interest expense on lease liabilities	**33,458**	39,208
	₱1,070,190	₱1,073,340

Future minimum lease commitments under non-cancellable leases as at September 30, 2023 are as follows:

Within one (1) year	₱2,096,386
After one (1) year but no more than three (3) years	2,365,674
	₱4,462,060

21. **Income Taxes**

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

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Reported in Profit or Loss		
Current tax expense	**₱–**	₱–
Deferred tax expense (benefit)	**(14,719,389)**	14,248,387
	(₱14,719,389)	₱14,248,387
Reported in OCI		
Deferred tax expense (benefit) on:		
Unrealized gain on changes in fair value of financial assets at FVOCI	**₱4,795,821**	₱–
	₱4,795,821	₱–

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

	September 30, 2023 (Unaudited)	December 31,2022 (Audited)
Deferred tax assets:		
NOLCO	**₱20,164,475**	₱4,044,810
Net retirement benefit liability	**4,484,846**	4,559,846
Lease liabilities	**525,007**	423,883
Excess MCIT over RCIT	**265,860**	265,860
Excess of cost over fair value of financial asset at FVPL	**264,555**	95,973
Allowance for credit losses	**102,721**	91,662
Unrealized loss on changes in fair value of FA at FVOCI	**–**	4,671,502
	25,807,464	14,153,536
Deferred tax liabilities:		
Unrealized foreign exchange gain	**9,517,585**	8,059,031
ROU asset	**520,833**	419,709
Unrealized gain on changes in fair value of FA at FVOCI	**124,320**	–
Others	**181,882**	135,521
	10,344,620	8,614,261
	₱15,462,844	₱5,539,275

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

Year Incurred	Available Until	NOLCO	Excess MCIT
2022	2025	₱16,179,239	₱265,680
2023	2026	64,478,660	–
		₱80,657,899	₱265,680

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

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Income tax expense at statutory tax rate	**₱794,236**	₱21,280,235
Tax effects of:		
Interest income already subjected to final tax	**(15,307,158)**	(3,481,920)
Dividend income exempt from tax	**(329,976)**	(214,784)
Nondeductible expenses	**120,530**	153,230
Others	**2,979**	(2,593)
Stock issuance costs	**–**	(3,485,781)
Income tax expense (benefit) at effective tax rate	**(₱14,719,389)**	₱14,248,387

22. **Earnings per Share**

Basic and diluted EPS are computed as follows:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Net income attributable to common stockholders	**₱17,896,331**	₱70,872,551
Divided by weighted average number of outstanding common shares	**6,875,000,000**	6,130,208,333
Per share amounts: Basic and diluted EPS	**₱0.002603**	₱0.011561

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:

	September 30, 2023 (Unaudited)		
	Local Trading	**Global Trading**	**Total**
REVENUES			
Trading gains on financial assets at FVPL- net	**₱14,938,937**	**(₱35,393,915)**	**(₱20,454,978)**
Commissions	**4,506,803**	**–**	**4,506,803**
Interests	**61,228,634**	**12,513,892**	**73,742,526**
Dividends	**1,319,903**	**676,504**	**1,996,407**
	81,994,277	**(22,203,519)**	**59,790,758**
COST OF SERVICES			
Personnel costs	**9,893,973**	**9,893,973**	**19,787,946**
Commissions	**4,856,314**	**1,195,241**	**6,051,555**
Transaction costs	**1,866,382**	**11,375,126**	**13,241,508**
Stock exchange dues and fees	**1,327,557**	**–**	**1,327,557**
Central depository fees	**767,234**	**–**	**767,234**
Communications	**772,690**	**–**	**772,690**
Research	**–**	**1,887,239**	**1,887,239**
	19,484,150	**24,351,579**	**43,835,729**
GROSS PROFIT (LOSS)	**62,510,127**	**(46,555,098)**	**15,955,029**
OPERATING EXPENSES	**(17,206,931)**	**(1,407,157)**	**(18,614,088)**
OTHER INCOME (CHARGES)			
Foreign exchange gains (losses)	**(111,692)**	**5,945,907**	**5,834,215**
Other income	**1,786**	**–**	**1,786**
INCOME (LOSS) BEFORE INCOME TAX	**45,193,290**	**(42,016,348)**	**3,176,942**
BENEFIT FROM INCOME TAX	**1,562,115**	**13,157,274**	**14,719,389**
NET INCOME (LOSS)	**₱46,755,405**	**(₱28,859,074)**	**₱17,896,331**
SEGMENT ASSETS	**₱1,852,382,364**	**₱374,122,615**	**₱2,226,504,979**
SEGMENT LIABILITIES	**₱226,511,625**	**₱–**	**₱226,511,625**
CAPITAL EXPENDITURES -			
Fixed assets	**₱647,304**	**₱–**	**₱647,304**
CASH FLOWS ARISING FROM (USED IN):			
Operating activities	**(₱11,616,106)**	**(₱64,734,641)**	**(₱76,350,747)**
Investing activities	**49,052,697**	**–**	**49,052,697**
Financing activities	**(22,398,275)**	**–**	**(22,398,275)**

	December 31, 2022 (Audited)		
	Local Trading	Global Trading	Total
REVENUES			
Trading gains on financial assets at FVPL- net	₱25,858,467	₱6,608,476	₱32,466,943
Commissions	11,541,693	–	11,541,693
Interests	32,658,836	7,486,742	40,145,578
Dividends	2,737,414	858,895	3,596,309
	72,796,410	14,954,113	87,750,523
COST OF SERVICES			
Personnel costs	14,589,911	14,589,911	29,179,822
Commissions	14,066,230	10,896,361	24,962,591
Transaction costs	2,769,872	9,898,529	12,668,401
Stock exchange dues and fees	2,039,309	–	2,039,309
Central depository fees	1,094,279	–	1,094,279
Communications	822,178	–	822,178
Research	–	2,496,028	2,496,028
	35,381,779	37,880,829	73,262,608
GROSS PROFIT (LOSS)	₱37,414,631	(₱22,926,716)	₱14,487,915
OPERATING EXPENSES	(27,736,291)	(4,995,029)	(32,731,320)
OTHER INCOME (CHARGES)			
Foreign exchange gains (losses)	(133,742)	71,838,062	71,704,320
INCOME BEFORE INCOME TAX	9,544,598	43,916,317	53,460,915
BENEFIT FROM INCOME TAX (INCOME TAX EXPENSE)	9,998,414	(11,222,204)	(1,223,790)
NET INCOME	₱19,543,012	₱32,694,113	₱52,237,125
SEGMENT ASSETS	₱1,850,065,975	₱349,458,248	₱2,199,524,223
SEGMENT LIABILITIES	₱210,474,665	₱–	₱210,474,665
CAPITAL EXPENDITURES -			
Fixed assets	₱233,174	₱–	₱233,174
CASH FLOWS ARISING FROM:			
Operating activities	(₱140,030,295)	₱59,352,189	(₱80,678,106)
Investing activities	(956,474,895)	(289,448,889)	(1,245,923,784)
Financing activities	1,359,626,952	–	1,359,626,952

SCHEDULE I

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

	September 30, 2023	September 30, 2022
Current/liquidity ratio	**4.52**	6.82
Current assets	**₱931,607,417**	₱1,311,154,685
Current liabilities	**206,287,296**	192,285,466
Solvency ratio	**0.09**	0.33
After-tax income (loss) before depreciation	**₱21,091,006**	₱74,131,089
Total liabilities	**226,511,625**	223,808,898
Debt-to-equity ratio	**0.11**	0.11
Total liabilities	**₱226,511,625**	₱223,808,898
Total equity	**1,999,993,354**	2,018,117,536
Asset-to-equity ratio	**1.11**	1.11
Total assets	**₱2,226,504,979**	₱2,241,926,434
Total equity	**1,999,993,354**	2,018,117,536
Interest rate coverage ratio	**95.95**	771.29
Income (loss) before interest and taxes	**₱3,210,400**	₱85,231,443
Interest expense	**33,458**	110,505
Return on Equity	**0.0089**	0.0351
After-tax income (loss)	**₱17,896,331**	₱70,872,551
Total equity	**1,999,993,354**	2,018,117,536
Return on assets	**0.0080**	0.0316
After-tax income (loss)	**₱17,896,331**	₱70,872,551
Total assets	**2,226,504,979**	2,241,926,434
Other relevant ratios		
RBCA ratio	**1,100%**	1,711%
Ratio of AI to NLC	**10.4%**	9%
Ratio of Core Equity to ORR	**6126%**	7844%