SEC Registration Number

0	0	0	0	0	0	6	3	8	2	4

Company Name

CTS GLOBAL EQUITY GROUP, INC.

Principal Office (No./Street/Barangay/City/Town/Province)

27/F East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CFD	Broker

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
compliance@ctsglobalgroup.com	(02) 8 635-5735	0961 078 5433

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
17	Any Date of March	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Lawrence C. Lee	lawrence@ctsglobalgroup.com	(02) 8 635-5735	0961 078 5433

Contact Person's Address

27/F East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **DECEMBER 31, 2022**

2. SEC Identification Number: **00000063824**

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:
   Metro Manila, Philippines

6. Industry Classification Code: ______ (SEC Use Only)

7. Address of principal office Postal Code: **1605**
   27/F East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

8. Issuer's telephone number, including area code: (632) **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 SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Share	**6,875,000,000 shares**

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

    Yes [x] No [ ]

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that 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 [ ]

13. Aggregate market value of the voting stock held by non-affiliates.
    ₱1,847,172,360 (2,099,059,500 @ ₱0.88 per share as of March 31, 2023)

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Company Overview

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

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

The Company maintains a pool of traders who manage the firm's capital. Each trader is considered as a profit center with their own unique trading system. Though the trading strategies are inherently diverse, the development and application of every distinct trading technique falls under the overarching trading system and rules of the FTSR Trading Framework. This framework has been developed for 40 years and is still constantly improved under the Caylum Trading Institute ("Caylum" or "CTI"), the Company's trading education partner.

The Company is essentially a trader development ecosystem and investments in technology have strengthened its ability to efficiently produce and distribute valuable content and information to traders. In 2019, the Company invested in creating its own trader performance analytics portal to support the traders in the on-going analysis of their performance. Its risk management processes have also been completely digitized to provide risk overseers a real-time view of exposures of business units. This has allowed the business to thrive in 2020 amid the work-from-home, now hybrid, arrangement that improved trader performance while reducing overhead office costs.

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

Business Segments

The Company's business segments are:

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

Brokerage Services. As one of the PSE Trading Participants, CTS renders stock brokerage and dealership services at a fee for high-net-worth clients. Revenues from this side are in fixed commissions based on the transaction amounts. As a traditional broker, CTS clients place their buy or sell orders and receive confirmation of the execution of their transactions through licensed salesmen of the Company.

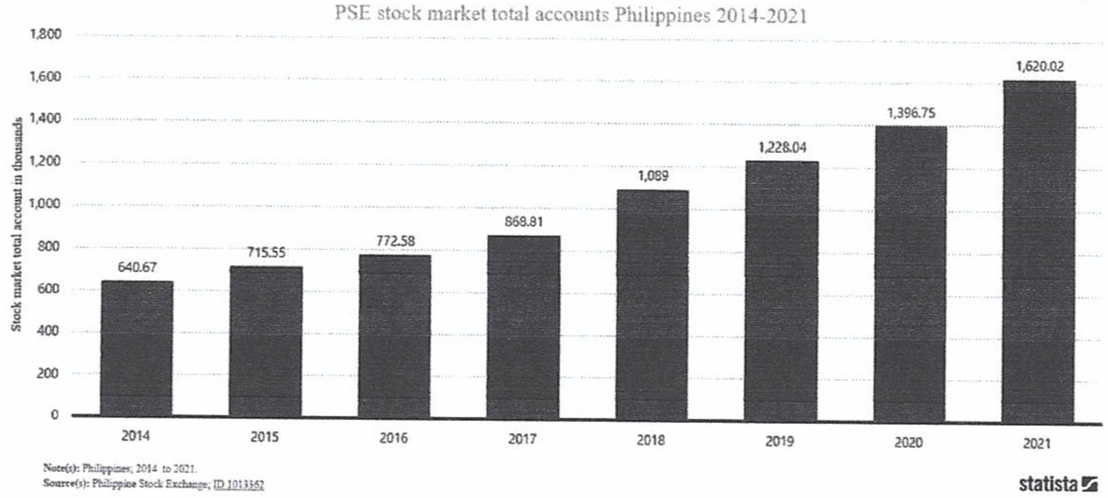
Investment Income. Aside from giving an overall guidance to the trading house's market and foreign exchange exposure, the Macroeconomics Desk and the Global Research team within CTS likewise invests in assets with a longer-term horizon. These teams specialize in conducting in-depth research to generate alpha. This segment has allowed the firm to capitalize on dollar strength and high interest rates in 2022 despite the volatile equity markets.

<u>Competitor Analysis</u>

Operating in both the stock brokerage and proprietary segments, CTS is mainly driven by the global equity markets and the asset management industry. In the global asset management landscape, there is a low barrier to entry that allows players to enter and exit the industry. In 2022, the US market's S&P 500 index ended the year with a -19.0% return, while the PSEi with -5.6%. Compared to these benchmarks, CTS has booked a return of 4.6%, outperforming the mixed benchmark index by 16.9%.

Overall, an optimistic trend is expected for the industry, following the growth trajectory as PSE stock brokerage accounts reached more than 1.6 million in 2021. Current brokerage services and future client accounts management services are offered to both local and foreign clients, subject to regulatory restrictions.

Total number of PSE stock market accounts in the Philippines from 2014 to 2021 (in 1,000s)



Despite the difference in nature, CTS is most comparable to competition in the asset management industry. This includes hedge funds, mutual funds, and other portfolio management institutions.

CTS believes that it can effectively compete with its peers, based on the following reasons:

1. The Company has developed intellectual property assets, including automated systems for risk management, performance analytics, trader training and monitoring.

2. The Company is led by a competent and experienced management team with a deep understanding of macroeconomic and market cycles and with a combined experience of more than 100 years trading in the stock market.

3. The Company follows a prudent risk management infrastructure which will help the Company sustainably scale and grow as well as attain operational efficiency.

4. The Company has historically demonstrated its ability to generate "alpha" or strategies that have proven to be effective in beating the market.

5. The Company has a long-standing partnership with the Caylum Trading Institute (founded by the same proponents as the Company's), which serves as the education and training partner of the Company.

6. The Company can leverage on the COL Financial Group, Inc. ecosystem.

7. The global trading business model is scalable and provides a high operating leverage.

Business Strategies

Proprietary Trading

Capitalize on strength. CTS will focus on its core strength of trading equities. The Company will leverage on its trading expertise by increasing the allocation of proprietary funds assigned to business units (i.e., individual traders). Scaling up the capitalization of each business unit can unlock the operating leverage that is inherent in CTS' business model.

Continue trader development. Through its trading education and training partner, Caylum, the Company is able to recruit traders who meet the standards set for managing proprietary funds. This includes the competence required by the coaches in financial concepts and fundamental and technical analysis. Novice traders are recruited mainly through Caylum's Recruitment Course, which is an 8-week market timing course that combines theoretical knowledge of the FTSR Framework and practical knowledge as it is applied through actual execution of trades during market hours. At the end of each Recruitment Course, a select few are chosen based on a variety of standards that includes weighted grades of testing and presentations.

Continue trades with a more global focus. In line with its expansion plans, CTS intends to increase its global trading revenues. Historically, most revenues came from the Philippine market, and then US, HK, and Japan. For the past year, CTS has officially expanded into the Indonesian equity markets in order to capitalize on the strong commodities markets.

Maintain lean cost-structure. The work-from-home arrangement mandated by the government during the COVID-19 pandemic made the cost structure leaner. As the IPO raised more capital for the firm, it has been able to keep the operating expenses controlled despite the exponential increase in assets under management. This is a strategy the Company intends to maintain as it grows its assets in the future.

Customers

The business of CTS is not dependent upon a single customer or a few customers that a loss of any one of them would have a material adverse effect on CTS. Further, there is no customer that accounts for, or based upon existing transactions, will account for twenty percent (20.0%) or more of CTS' total revenues.

Patents, Trademarks, Licenses, Franchises, Concessions or Royalty Agreements

The Company filed the following application for registration of trademark with the Intellectual Property Office (IPO):

	Mark	Date of Application	Status and Validity
1.	"CTS Global Equity Group"	July 21, 2021	Approved; Registration up to March 31, 2032

CTS believes, however, that its operation is not contingent on the effectivity of its trademark registered with the IPO. The Company further believes it can continue with its operations under any other trademark.

Transactions with and/or Dependence on Related Parties

In the ordinary course of business, CTS enters into various transactions with related parties and affiliates, principally consisting of stockbrokerage services and purchase of goods. The Company's policy is to settle intercompany receivables and payables on a net basis. Transactions entered with related parties are made at arm's-length prices or on terms similar to those offered to non-related parties in an economically comparable market. Outstanding balances owed to related parties at a certain reporting date are non-interest bearing, unsecured and payable/collectible in cash on demand.

In order to minimize any conflict of interest and to ensure fairness and reasonableness, any future material transaction involving CTS and the companies of the major stockholders or its affiliates shall be subjected to the approval of a majority of the Board of Directors in accordance with the Company's Related Party Transactions policy.

Government Regulation

The securities industry in the Philippines is highly regulated. Broker/dealers are subject to regulations covering all aspects of the securities business. Additional regulations, changes in rules as promulgated by the SEC, the Department of Finance, the Bureau of Internal Revenue (BIR), the PSE, the Capital Markets Integrity Corporation (CMIC) or changes in the interpretation or enforcement of existing laws and rules, may directly affect the operation and profitability of broker/dealers.

The SEC and other regulatory agencies have stringent rules with respect to the maintenance of specific levels of Risk-Based Capital Adequacy Ratios (RBCA) by broker/dealers. RBCA is a ratio that compares the broker/dealer's total measured risk to its liquid capital. The broker/dealer must ensure that the RBCA ratio is at least 110% and that its net liquid capital is at least ₱5.00 million and is greater than the total risk capital requirement. Failure to maintain the required RBCA may subject the Company to the suspension or revocation of its broker/dealer license by the SEC. In addition, a change in the RBCA rules or the imposition of new rules could limit those operations of CTS that require a large use of capital such as its trading activities and could restrict CTS's ability to withdraw capital to pay dividends, repay debt, or redeem shares of its outstanding stock. A significant operating loss or any unusually large charge against net capital could adversely affect the Company's ability to expand or maintain its present level of operation.

Employees

The actual number of full-time employees of CTS for 2022 and the projected number of employees for 2023 to complement its operational requirements are broken down as follows:

	2023	2022
Executives	5	5
Senior Officers	6	6
Junior Officers	22	22
Professional/Technical/Others	39	33
TOTAL	**72**	**66**

The employees of CTS are not subject to any collective bargaining agreements (CBA).

Risk Factors and Risk Management

Risks Relating to the Company Business

- The Company's performance is influenced by the cyclical nature of the markets it operates in, as well as the general riskiness of equities compared to other assets since it is subject to extensive fluctuations in price and liquidity.
- The Company's trading operations are subject to technological risks from the stock brokerage platforms.
- The Company's focus on global equity markets poses a foreign exchange risk for its dollar-denominated working capital used in trading operations.
- Foreign markets are subject to political and economic factors that can affect the Company's relevant market revenues.
- The Company is exposed to risks for its investments in international markets.
- The Company's unique business model requires the acquisition of specific talent that may not always be available, which may hamper the growth of the Company.
- Employee turnover can affect the operations of CTS.
- Deviation from the FTSR Framework by traders can affect the Company's operations.
- Scaling of the global trading operations is subject to the individual traders' ability to improve their efficiency.
- The Company's growth depends heavily on the execution of its future strategic plans. The inability to execute this successfully will pose a risk to its financial performance. Global trading operations are executed electronically and therefore subject to the risk of power and internet connectivity interruption.
- The Company can be affected by potential local and foreign-based competition.
- The Company may be exposed to risks on Related Party Transactions
- The Company may be exposed to risks on non-compliance with Risk-Based Capital Adequacy (RBCA) Ratios requirements.

Risks Relating to the Philippines

- As the Company generates a portion of its revenues in the Philippines, the local political and economic factors will affect both the Company's trading operations and the local market revenues.
- As a part of the strictly regulated financial industry, the Company will be affected by any changes and further regulations that might be imposed by the regulatory bodies in the future.
- Acts of terrorism could destabilize the country and may affect the Company's operations business, financial condition, and results of operations.
- Natural or other catastrophes, including severe weather conditions, may disrupt the Company's operations and financial conditions.
- Credit ratings of the Philippines and Philippine companies could materially and adversely affect the Company.
- Foreign exchange regulations in the Philippines may limit the Company's access to foreign currency for service of foreign-currency denominated payment obligations.
- The continuing impacts of the COVID-19 pandemic are highly unpredictable, volatile, and uncertain, and have had, and will continue to have, some negative impacts on business operations, costs of doing business, availability of labor, the Company's financial performance, and the ability to predict future performance, among others.
- Other than COVID-19, other public health epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Company's business, financial condition, and results of operations.
- Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

Item 2. Properties

The properties owned or leased by the Company are as follows:

Purpose	Location	Nature of Ownership	No. of Units
Investment	Metro Manila	Owned	1
Mixed-use (office, storage)	Metro Manila	Leased	2
Office use	Metro Manila	Owned	2

Item 3. Legal Proceedings

CTS is not involved in any legal proceedings that it considers as material, pending or threatened against it, its directors, any nominee for election as director, executive officer, underwriter or control person of CTS or in which any of CTS' property is the subject.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

The common shares of CTS Global Equity Group, Inc. were listed at the PSE on April 13, 2022 under the ticker symbol "CTS". The total number of outstanding shares of CTS as of December 31, 2022 is 6,875,000,000 with a market capitalization of ₱6.6 billion as of the end of 2022, based on the closing price of ₱0.96 per share.

Before 13 April 2022, the common shares of the Company were privately held and not listed with the PSE. The high and low sales prices of CTS shares transacted at the PSE for the last three (3) quarters of 2022 are as follows:

	2022	
	High	**Low**
1st Quarter	-	-
2nd Quarter	1.19	0.81
3rd Quarter	1.12	0.86
4th Quarter	0.98	0.81

As of March 31, 2023, the closing price of CTS shares is ₱ 0.8800 per share.

Holders of Common Equity

As of February 28, 2023, there are seventeen (17) holders of common shares of CTS. The top twenty (20) common shareholders of the Company are as follows:

	Name	No. of Common Shares Total	Percentage of Total Shares Outstanding held by each
1	PCD Nominee Corporation	2,090,471,000	30.41
2	PCD Nominee Corporation	81,231,000	1.18
3	Lee, Edward K.	1,679,357,960	24.43
4	Yu, Alexander C.	741,765,000	10.79
5	Lim, Hernan G.	596,706,000	8.68
6	Yu, Raymond C.	596,706,000	8.68
7	Ong, Catherine L.	255,181,540	3.71
8	Lee, Edmund C.	220,000,000	3.20
9	Lee, Lawrence C.	220,000,000	3.20
10	Lee, Lydia C.	178,570,000	2.60
11	Yu, Adrian Alexander N.	100,000,000	1.45
12	Yu, Michelle Angeline N.	110,000,000	1.60
13	Lee, Martin T.	3,005,000	0.04
14	Felbaum, Donald R.	1,000,000	0.01
15	Samson, Emmanuel L.	1,000,000	0.01
16	Ramos, Jennifer T.	4,000	0.00
17	Estate of Joseph C. Tan	2,500	0.00
	TOTAL	6,875,000,000	100.00

Dividends

a. Cash Dividends

There were no declared cash dividends as of December 31, 2022.

b. Dividend Policy

The Board of Directors of CTS, in its meeting held on 2021, approved a policy of declaring an annual regular cash dividend of twenty per cent (20%) of its net income. The payment of dividends shall be taken out of the unappropriated retained earnings of the Company. There are no restrictions that limit payment of dividends on common shares.

Recent Sales of Unregistered or Exempt Securities

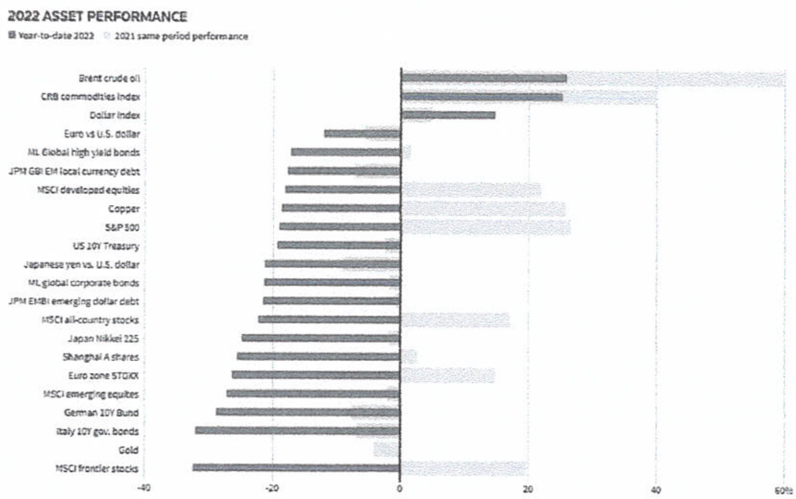
There was no sale of unregistered or exempt securities as of December 31, 2022.

Item 6. Management's Discussion and Analysis (MD&A) of Financial Condition 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 audited financial statements of the Company filed as part of this report.

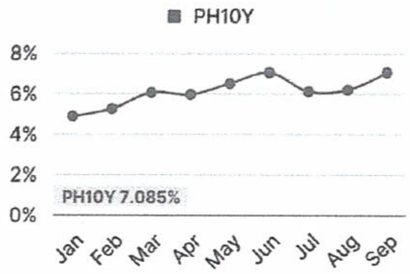
Industry and Economic Review

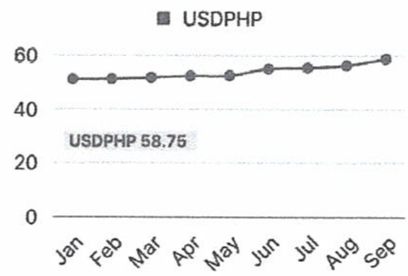
2022 was a volatile year for all asset classes. The year started with the hopes of post-pandemic recovery but was plagued with the persistent inflation first triggered by the Russia-Ukraine war. Economies in the world, both developed and emerging, shifted to raising rates aggressively in order to curb the inflation problem.



Source: Reuters Graphics

Only commodities and the US dollar posted positive performance for the year. CTS capitalized on the commodity run by expanding to the Indonesian market, while converting a portion of the IPO proceeds into US dollars. Fixed income was also one of the instruments CTS used to produce returns while the equity markets are on the weaker side of the cycle.





A volatile year such as 2022 is a part of the typical market cycle. In this kind of environment, CTS pivots into opportunistic assets that allow it to outperform the benchmarks.

Business Review

1. Key Performance Indicators

	December 31, 2022	December 31, 2021
Revenue/ Capital	4.6%	23.7%
Gross Margin	16.5%	29.2%
Net Margin	59.5%	15.4%
Global Trading Revenues (in millions)	₱6.6	₱40.7
Local Trading Revenues (in millions)	₱25.9	₱68.7
Total Revenues (in millions)	₱87.8	₱130.6
Net Liquid Capital (in millions)	₱1,947.1	₱536.6
Risk-Based Capital Adequacy (RBCA) Ratio	1,458%	2,416%

Revenues went down by 32.8% in 2022 to ₱87.8 million. The drop is mainly due to lower trading gains from both local and global stock markets as global inflation remains and the US Fed's stance on keeping interest rates higher for longer makes it hard for equities to break out of this volatile consolidation. The drop is partially offset by growth in interest income mainly from the CTS' investments in fixed income securities which grew by 1,230.1% to ₱40.1 million.

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 ₱1,947.1 million in 2022 from ₱536.6 million in 2021.

On the other hand, **revenue over capital** ratio went down to 4.6% in 2022 from 23.7% in 2021 because of a higher capital base. **Gross margin** stood at 16.5% in 2022 as revenues declined at a faster pace than its related cost of services while **net margin** went up to 59.5% primarily due to CTS' gains on tactical foreign exchange positions booked as other income.

In 2022, CTS continued to meet the stringent rules of regulators in the Philippines. As of end December 2022, CTS' **Risk Based Capital Adequacy Ratio** (RBCA) is 1,458%, 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.

2. *Other Financial Soundness Indicators*

	December 31, 2022	December 31, 2021
Profitability ratios:		
Return on assets	2.37%	2.12%
Return on equity	2.63%	3.44%
Solvency and liquidity ratios:		
Current ratio	4.88	2.52
Debt to equity ratio	0.11	0.62

3. *Material Changes in Financial Condition*

a. 2022 vs. 2021

CTS's asset base increased by 132.0% to ₱2,199.5 million as of end December 2022 compared to ₱948.2 million as of end 2021. Assets grew largely due to ₱1,353.3 million net cash generated from its initial public offering last April 13, 2022; ₱561.8 million of which were already deployed to scale the Company's trading operations and the unapplied proceeds of ₱791.5 million, majority of which, were provisionally invested in fixed income securities awaiting for an opportune time for deployment.

Cash and cash equivalents (including short-term time deposits) increased by 7.4% to ₱477.2 million mainly due to the following: ₱1,353.3 million net cash generated from its initial public offering last April 13, 2022, investments made on peso-denominated government debt securities totaling ₱1,244.7 million, income before tax of ₱53.5 million, noncash income of ₱31.5 million pertaining to unrealized foreign exchange gains, drop in trade receivables and trade payables by ₱49.0 million and ₱158.4 million, respectively.

Financial assets at FVPL as of end 2022 and 2021 amounting to ₱1.4 million and ₱2,061, respectively, pertain to outstanding equity securities held.

Trade receivables decreased by 4.3% to ₱389.1 million. The account mainly pertains to deposit with other brokers to trade in other foreign stock markets totaling ₱349.5 million and the unsettled receivable from Philippine clearing house as of end 2022 amounting to ₱39.2 million which is usually collected on T+3.

Investment in fixed income securities which are mainly in the form of government bonds grew by 2,450.4% to ₱1,275.2 million in 2022 compared to ₱50.0 million as of end 2021. These investments are classified as financial assets at amortized cost (for held until maturity investments) and financial assets at FVOCI (for purposes of collecting contractual cash flows and selling financial assets) amounting to ₱513.8 million and ₱761.4 million, respectively. CTS' financial assets at amortized cost have a yield to maturity (YTM) of 4.38% to 5.50% for its 3-year to 5-year government bonds and YTM of 6.88% to 7.38% for its 9-year to 10-year government bonds. On the other hand, CTS' financial assets at FVOCI have a YTM of 5.78% for its 3-year government bond and YTM of 5.80% to 6.68% for its 9-year to 10-year government bonds. Additionally, cumulative unrealized losses on changes in fair value of financial assets at FVOCI amounted to ₱14.0 million, net of related deferred tax amounting to ₱4.7 million, as of end 2022. As a side note, the unrealized losses on changes in fair value of financial assets at FVOCI as of end 2022 already reversed to unrealized gain position of ₱7.8 million as of end February 2023.

CTS' investments in long-term government securities, sourced from CTS' own cash, 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, current portion of government securities and deposits with other brokers resulting to current ratio of 4.88.

CTS' risk management on its investments in government fixed income 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 and investment property net decreased by 19.3% and 6.2% to ₱8.9 million and ₱9.6 million, respectively, mostly due to depreciation of ₱3.2 million and capitalization of a renewed leased storage area of ₱0.9 million. On the other hand, intangible assets net increased by ₱0.6 million due to depreciation of ₱0.4 million and development costs of ₱1.0 million for the upgrading of the CTS' trader management system.

Net deferred tax asset increased by 83.4% to ₱5.5 million compared to ₱3.0 million as of end 2021. This is mostly due to deferred taxes of ₱4.0 million, ₱4.7 million and ₱6.1 million pertaining to the Company's net operating loss carryover, unrealized losses on investments in fixed income securities booked at fair value thru other comprehensive income and increase in unrealized foreign exchange gain on the Company's foreign-denominated asset accounts.

Other current assets increased by 80.9% to ₱17.9 million compared to ₱9.9 million as of end 2021 mostly due to higher interest receivables arising from the Company's fixed income securities held. On the other hand, other noncurrent assets increased by ₱0.9 million mainly due to refundable clearing fund contributions made during the year.

Total liabilities decreased by 41.9% to ₱210.5 million compared to ₱362.0 million as of end 2021. This is largely due to drop on trade payables or the clients' unused cash balances by 47.9% or by ₱158.4 million.

Stockholders' equity was up by 239.3% to ₱1,989.0 million compared to ₱586.2 million as of end 2021 due to the booking of ₱52.2 million in net income as of end December 2022 and net IPO proceeds received amounting to ₱1,353.3 million.

b. 2021 vs. 2020

CTS's asset base increased by 15.2% to ₱860.6 million as of end December 2021 compared to its end 2020 level.

Cash increased by 5% to ₱444.3 million as of end December 2021 primarily due to net cash used in operations amounting ₱24.9 million and net cash generated from financing activities of ₱47.0 million. The net cash used in operations comprise the income before tax of ₱26.3 million, less effects of unrealized foreign exchange gain on dollar-denominated financial assets of ₱20.3 million, noncash expense on depreciation of ₱4.4 million, increase in trade receivables and trade payables by ₱65.2 million and ₱39.2 million, respectively, and income taxes paid of ₱11.1 million. In June 2021, the stockholders of the Company made additional capital infusion of ₱50.0 million to support the Company's trading operations and working capital requirements.

Financial assets at FVPL as of end 2021 and 2020 amounting to ₱2,061 and ₱112,755, respectively, pertain to outstanding equity securities held.

Trade and other receivables increased by 26.5% to ₱406.4 million primarily due to increase in fund with other brokers as a result of net trading gains for the year, unrealized foreign exchange gain position on foreign currency-denominated deposits with other brokers and higher amount of unsettled receivable from the clearing house arising from customers' selling transactions.

Other current assets increased by 261.2% to ₱9.9 million primarily due to excess tax credit by end of year amounting to ₱7.9 million. The excess tax credit by end of year is because the Company had a higher taxable income base of ₱33.9 million in the first quarter of 2021. However, this was brought down by net losses in the succeeding quarters of the same year.

Property and equipment and investment property decreased by 6.8% and 5.9% to ₱11.1 million and ₱10.3 million, respectively, mostly due to depreciation and capitalization of a renewed leased office space.

Net deferred tax asset decreased by 70.6% to ₱3.0 million compared to ₱10.3 million as of end 2020. This is mostly due to deferred taxes arising from the Company's foreign exchange loss position in 2020 which reversed to foreign exchange gain position this year as well as remeasurement gain on the Company's retirement liability.

Total liabilities increased by 10.0% to ₱362.0 million compared to ₱329.2 million as of end 2020. This is largely due to increase in trade payables or the clients' unused cash balances by 13.4% or by ₱39.2 million.

Stockholders' equity was up by 14.2% to ₱586.2 million in 2021 compared to ₱513.5 million as of end 2020 due to the booking of ₱20.1 million in net income as of end December 2021 and additional capital received amounting to ₱50.0 million.

4. ***Material Changes in the Results of Operations***

a. **2022 vs. 2021**

CTS's revenues for the year ended December 2022 decreased by 32.8% to ₱87.8 million. Cost of services decreased by 20.7% to ₱73.3 million, mainly due to decrease in commission expenses. Meanwhile, operating expenses, which are largely fixed in nature, increased by 1.8% to ₱32.7 million. Other income grew by 253.7% to ₱71.7 million due to foreign exchange gain, ₱40.2 million of which was already realized during fourth quarter of 2022. Provision for income taxes decreased by 80.1% to ₱1.2 million. Because of the foregoing movements, net income grew by
159.3% to ₱52.2 million as of end December 2022 driven by trading profits, interest income and tactical foreign exchange positions.

CTS's revenues is down by 32.8% to ₱87.8 million compared to ₱130.6 million as of end 2021 mainly due to drop in trading gains by 70.3% to ₱32.5 million as proprietary trading gains from both local and global stock markets continued to fall this year as global inflation remains, triggering recessionary fears and liquidity problems. The drop is partially offset by growth in interest income which grew by 1,230.1% to ₱40.1 million because of management's decision to invest in peso-denominated government debt securities as the bond market presented an alternative opportunity for fixed stream of income.

Cost of services decreased by 20.7% to ₱73.3 million compared to ₱92.4 million as of end 2021 mainly due to lower commission expenses paid to the Company's traders in 2022 as related proprietary trading gains were also down this year.

Operating expenses slightly increased by 1.8% to ₱32.7 million compared to ₱32.2 million as of end 2021 mainly due to higher professional fees due to one-time payment to a law firm for its legal assistance in the Company's IPO amounting to ₱1.1 million.

Personnel costs, booked under cost of services and operating expenses, also slightly increased by 3.2% to ₱43.9 million compared to ₱42.6 million as of end 2021.

Other income increased by 253.7% to ₱71.7 compared to ₱20.3 million as of end 2021 million largely due to higher foreign exchange gain booked this year of which ₱40.2 million has already been realized. The exchange rates closed at ₱56.12 and ₱7.20 per US$1 and HK$1 on December 31, 2022, respectively, and ₱50.77 and ₱6.51 per US$1 and HK$1 on December 31, 2021, respectively.

The Company's net provision for income tax comprises of current and deferred income tax of ₱0.3 million and ₱1.0 million, respectively. The provision for current income tax as of end 2022 of ₱0.3 million pertains to minimum corporate income tax (MCIT). The Company sustained a net operating loss position, for tax purposes, of ₱16.2 million; the Company is only liable to pay MCIT. On the other hand, the decrease in provision for deferred tax by 83.1% to ₱1.0 million is largely because a substantial portion of the Company's foreign exchange gain position has already been realized or converted to Philippine peso this year.

As a result of the foregoing movements, net income in 2022 increased by 159.3% to ₱52.2 million driven by trading profits, interest income and tactical foreign exchange positions.

b. 2021 vs. 2020

CTS's revenues for the year ended December 2021 decreased by 24.2% to ₱130.6 million while cost of services increased by 28.8% to ₱92.4 million. Operating expenses, which are largely fixed in nature, slightly increased by 3.8% to ₱31.9 million. Other income grew by 245.6% to ₱20.3 million mostly due to foreign exchange gain. Provision for income taxes decreased by 32.4% to ₱6.2 million mainly due to lower taxable income for the year. Given lower revenues and higher cost of services, net income fell by 57.0% to ₱20.1 million as of end December 2021.

Revenues stood at ₱130.6 million for year ended 2021, a decrease by 24.2% compared to its year end 2020 level of ₱172.3 million. Trading gains from local and global stock markets stood at ₱109.3 million, well within the Company's target. The higher base for the year 2020 was because the Company was able to make the most out of the significant volatility, especially in the US stock market, in the fourth quarter of 2020. In 2021, local and global stock markets were still marked by several ups and downs due to various factors such as the ongoing COVID-19 pandemic, economic recovery efforts and global events affecting investor sentiment.

Cost of services increased by 28.8% to ₱92.4 million in 2021 compared to ₱71.7 million in 2020 mainly due to higher commission expenses paid to the Company's traders in 2021 while operating expenses slightly increased by 3.8% or by ₱1.2 million mainly due to higher business tax/permit paid in 2021 arising from the Company's revenues in 2020 coupled with cost savings from termination of internet lines and termination of leased office spaces as most employees were shifted to a work from home arrangement due to the pandemic.

Other income increased by 245.6% or by ₱33.8 million as of end December 2021 mostly as a result of the reversal of unrealized foreign exchange loss position on foreign currency-denominated financial assets from last year to unrealized foreign exchange gain position amounting to ₱20.3 million as of end December 2021. The exchange rates closed at ₱50.77 and ₱48.04 per US$1 in December 31, 2021 and 2020, respectively. The exchange rates closed at ₱6.51 and ₱6.19 per HK$1 in December 31, 2021 and 2020, respectively.

The Company's net provision for income tax comprises of current and deferred income tax of ₱0.5 million and ₱5.7 million, respectively. The provision for current income tax as of end 2021 of ₱0.5 million pertains to regular corporate income tax. Meanwhile, the Company's provision for deferred taxes is mainly due to the Company's foreign exchange loss position in 2020 which reversed to foreign exchange gain position this year as well as remeasurement gain on the Company's retirement liability.

Given lower revenues and higher cost of services, net income as of end 2021 decreased by 57.0% to ₱20.1 million.

5. 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.

Future Growth Prospects

CTS is seeking new opportunities for growth and expansion in order to remain competitive. With this in mind, there are three key areas that hold particular promise for businesses looking to secure their future success: expansion into new markets, effective client handling management, and the pursuit of cross-asset opportunities.

First and foremost, expanding into new markets represents a significant opportunity for the business as expansion can help diversify current revenue streams, reduce dependence on a particular market, and better position themselves for long-term success.

In addition to expanding into new markets, effective client handling management is also crucial for a company's success. The ability to build strong, long-lasting relationships with clients is essential for retaining existing customers and attracting new ones. This requires delivering high-quality account management services in order for CTS to leverage on additional capital infusion.

Finally, cross-asset opportunities represent a third area of promise for businesses seeking to secure their future success. These opportunities arise when companies are able to identify ways to leverage their existing assets, such as their customer base, supply chain, or technology, in order to pursue new revenue streams. For example, a company that specializes in selling products online could look to expand into new markets by offering a complimentary service, such as product delivery or installation, to its existing customers. Alternatively, a company that has built a strong reputation for delivering high-quality products could leverage this reputation to expand into new product categories or service offerings.

Item 7. Financial Statements

Please refer to the attached Audited Financial Statements for the years ended December 31, 2022 and 2021.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

CTS has not changed its accountants for the last five (5) years and has not had any disagreements on accounting and financial disclosures with its current accounts for the last five (5) years.

Item 9. Audit and Audit-Related Fees

The following table sets out the aggregate fees billed by Reyes Tacandong & Co. ("RT") for professional services rendered for each of the last two calendar years ending December 31:

	2022	2021
Audit and Audit-Related Fees in connection with the annual review of the Company's financial statements	₱800,000	₱1,000,000
Tax Fees	None	None

Appointment of CTS' external auditor and its audit fees are upon recommendation of the Audit Committee. All services rendered by RT have prior approval of the President as recommended by the Audit Committee. Actual work by RT proceeds thereafter. In 2022, the Audit Committee was chaired by Mr. Emmanuel L. Samson with Mr. Raymond C. Yu and Mr. Hernan G. Lim as members.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 10. Directors and Executive Officers of the Issuer

Board of Directors

The Directors of CTS as of December 31, 2022 are as follows:

Name	Position
Edward K. Lee	Chairman
Alexander C. Yu	Vice Chairman
Lawrence C. Lee	Member
Hernan G. Lim	Member
Raymond C. Yu	Member
Edmund C. Lee	Member
Catherine L. Ong	Member
Michelle Angeline N. Yu	Member
Martin T. Lee	Member (Independent)
Emmanuel L. Samson	Member (Independent)
Donald R. Felbaum	Member (Independent)

The following are the respective ages, periods of service, directorships in other reporting companies and positions held in the last five years of each of the Directors of CTS:

Edward K. Lee
Chairman

Edward K. Lee, 68, Filipino, took Bachelor of Science in Industrial Management Engineering at De La Salle University. He is concurrently the Founder and Chairman of the Board of COL Financial Group, Inc., and Chairman of COL Securities (HK) Limited, CTS Global Equity Group, Inc., Caylum Trading Institute, and COL Investment Management, Inc. Mr. Lee served as a nominee of CTS Global Equity Group, Inc. to the Manila Stock Exchange and presently to the Philippine Stock Exchange. He was elected as one of the Governors of the Philippine Stock Exchange and was the Chairman of the Computerization committee of the Manila Stock Exchange and PSE in 1994. He went on to become a member of the Board of Directors of A. Soriano Corporation serving for two terms. Mr. Lee was also nominated as a finalist to the 2007 Entrepreneur of the Year Philippines by Ernst & Young. In 2015, he was awarded with the Theodore Vail Most Outstanding JA Alumni Awardee. From 2016 to 2019, he was appointed as an official board member of JA Asia Pacific.

Alexander C. Yu
Vice-Chairman

Alexander C. Yu, 67, Filipino, is a Bachelor of Science in Mechanical Engineering graduate of De La Salle University. He is currently the Vice-Chairman of COL Financial Group, Inc. since 1999 and the Vice-Chairman and Treasurer of CTS Global Equity Group, Inc. since 1986. He is also currently a Director of COL Securities (HK) Limited since 2001, elected as Director of Caylum Trading Institute in 2013, and Director and Treasurer of Winner Industrial Corp. for more than ten (10) years. He is the proprietor of Trans-Asia General Merchandise and in 1997, he served as a Director of A. Soriano Corporation.

Lawrence C. Lee
Director, President and Chief Executive Officer

Lawrence C. Lee, 41, Filipino, is the President & CEO of CTS Global Equity Group Inc., where he is designated to train and oversee more than 40 professional proprietary traders for the company. He graduated from Bentley University in Boston, Massachusetts in 2003 with a Bachelor's degree in Corporate Finance and Accounting and has been an apprentice of the markets for over two (2) decades. Lawrence sits on the Board of Directors for the Caylum Trading Institute, serving as a member of their esteemed faculty. He specializes in the field of Technical Analysis, Trend Trading, and System Indicators while actively trading multiple global markets including the US, Hong Kong, Japan, Indonesia, and of course, the Philippines.

Hernan G. Lim
Director

Hernan G. Lim, 70, Filipino, is currently the President of Hoc Po Feeds Corporation and HGL Development Corporation. Mr. Lim is a Director of Caylum Trading Institute since 2013 and has also been a Director of Citimex, Inc., COL Financial Group, Inc., and Barrington Carpets, Inc. for more than ten (10) years. He holds a Bachelor of Science degree in Electronics and Communications Engineering from the University of Santo Tomas. He also took the Basic Management Course at the Asian Institute of Management.

Raymond C. Yu
Director

Raymond C. Yu, 69, Filipino, graduated with a Bachelor of Science Degree in Commerce from De La Salle University in 1974. He is currently the President of Winner Industrial Corporation. He has served as a director of Caylum Trading Institute since 2013 and has been a director for more than sixteen (16) years of the following corporations: COL Financial Group, Inc., Cedarside Holdings Corp., Cedarside Industries, Inc., Barrington Carpets, Inc., and Citimex, Inc.

Catherine L. Ong
Director, Senior Vice-President

Catherine L. Ong, 71, Filipino, is the Senior Vice-President of CTS Global Equity Group, Inc., SVP – Treasurer of COL Financial Group, Inc., Chairman of COL Strategic Growth Equity Unitized Mutual Fund, Inc. (formerly COL Cash Management Unitized Mutual Fund, Inc.) and COL Equity Index Unitized Mutual Fund, Inc., and Executive Vice President and Treasurer of Cedarside Industries, Inc., Barrington Carpets, Inc., and Citimex, Inc. She has held the latter position for more than twenty (20) years. She has extensive experience in banking, having held various positions in Metropolitan Bank and Trust Company (Metrobank). She was an Assistant Vice President and Area Supervisor of Metrobank and served as a Director of Metrobank's subsidiary, Pan Philippines Life Insurance Corp. (now known as Philippine Axa Life). Ms. Ong graduated from the Philippine Women's University with a Bachelor of Science Degree in Business Administration, Major in Accounting.

Edmund C. Lee
Director, Chief Finance Officer

Edmund C. Lee, 34, Filipino is the President and CEO of Caylum Trading Institute, and CloudArch Ventures Group, Inc. He is also the Chief Finance Officer for CTS Global Equity Group, Inc. He is a CFA charterholder, a graduate of the Masters of Science in Global Finance Program from the Hong Kong University of Science and Technology Business School. Prior to establishing Caylum, he worked as a research analyst for COL Financial Group, Inc., the leading online stockbrokerage firm in the country.

Michelle Angeline N. Yu
Director

Michelle Angeline N. Yu, 29, Filipino, is a Bachelor of Science in Management Engineering graduate of Ateneo De Manila University. She is currently a director of CTS Global Equity Group, Inc. She is a licensed CSR Equities trader and part of the CTS Global Trading department.

Martin T. Lee
Independent Director

Martin T. Lee, 71, Filipino, obtained a Bachelor of Science in Business Administration, major in Economics and Finance from the University of the East, and a Master's degree in Business Administration at the Ateneo Graduate School of Business. He attended the Strategic Business Economics Program at the University of Asia and the Pacific. Over the years, Mr. Lee has held various positions in several banking institutions. He was the Executive Vice-President and Head of the Institutional Banking Group of Chinatrust Phils., Inc., and was also the Head of Account Management Group and the Special Account and Remedial Management Group of Global Banking Corporation. He was also connected with Asian Banking Corporation, PCIBank, and Insular Bank of Asia and America.

Donald R. Felbaum
Independent Director

Donald R. Felbaum, 73, American, is the Managing Director of Optel Limited and also serves as Ex-Officio Director of The American Chamber of Commerce of the Philippines, Inc. He has more than twenty (20) years of diversified management experience, including general management, business development, strategic planning and corporate directorship in technology sectors including telecoms, IT-enabled services, and information and communications technology, among others. He has significant experience in business development including start-ups, mergers and acquisitions and project funding with business experience covering more than twenty-five (25) countries worldwide. He graduated from the University of Asia and the Pacific with a Master's degree in Business Economics.

Emmanuel L. Samson
Independent Director

Emmanuel L. Samson, 63, Filipino, is the former Senior Vice President Chief Finance Officer and Corporate Governance Officer of Nickel Asia Corporation (NAC). In such role, he was responsible for the finance and treasury functions of the NAC Group. He was also a member of the Board of Directors and Treasurer of Emerging Power, Inc., a subsidiary of NAC. Prior to joining NAC in 2006, he was the Senior Country Officer for Credit Agricole Indosuez in the Philippines. Mr. Samson has more than a decade of experience in the Philippine equities markets having held positions with W.I. Carr Indosuez Securities (Phils.) Inc., Amon Securities Corporation and Rizal Commercial Banking Corporation. Mr. Samson obtained his Bachelor of Arts Degree in Economics from De La Salle University – Manila.

Management Team

The key members of the management team, aside from those above mentioned, are as follows

Leonard Louis C. Chua
Head of Global Investments

Leonard Louis C. Chua, 36, Filipino, graduated from the Ateneo de Manila University with a degree in Bachelor of Science in Management Engineering in which he graduated Magna Cum Laude. He is currently a Chartered Financial Analyst (CFA) Charterholder and a Senior Faculty Instructor at the Caylum Trading Institute since 2014. Prior to transferring to CTS Global Equity Group, Inc. in 2013, he was with COL Financial Group, Inc. in 2009 as a Research Analyst.

Richard Lemuel U. Pacheco
Head of Proprietary Trading

Richard Lemuel U. Pacheco, 37, Filipino, is a graduate of Bachelor of Science in Management Engineering minor in International Business from the Ateneo de Manila University. He started his career as a Graduate Trainee at Kraft Foods Philippines, Inc. (now Mondelez) until 2009 then joined CTS Global Equity Group, Inc. in the same year. He is also a Senior Faculty Instructor at the Caylum Trading Institute, Inc. since 2014.

Terence L. Chan
Head of HK Investments

Terence L. Chan, 44, Filipino, graduated from the Ateneo de Manila University with a Bachelor of Science major in Management, minor in Finance degree in 2000. He is also a Director and Instructor at Caylum Training Institute and has received several awards as a Trader with CTS. Prior to joining CTS Global Equity Group, Inc. in 2013, he was part of COL Financial Group, Inc. as an Investment Analyst in 2005.

Bryan S. Gomez
Head of External Relations

Bryan S. Gomez, 45, Filipino, is a graduate of Bachelor of Science in Management Engineering from the Ateneo de Manila University. Prior to joining CTS Global Equity Group, Inc. in 2013, he was part of COL Financial Group, Inc. as an Investment Analyst in 2005. Mr. Gomez is also a Senior Faculty Instructor at the Caylum Trading Institute, Inc. since 2013.

Mark Jason C. Mariposa
Head of Macroeconomics

Mark Jason C. Mariposa, 36, Filipino, is a graduate of Bachelor of Science in Management minor in Financial Management in 2010 in which he graduated with honorable mention from the Ateneo de Manila University. He has also earned the right to use the Chartered Financial Analyst (CFA) Charterholder designation from the CFA Institute since 2015.

Lorena E. Velarde
Associated Person

Lorena E. Velarde, 52, Filipino, is the Associated Person of the Company. She is also the Chief Financial Officer of COL Financial Group, Inc. after having served as its Financial Controller from 2010 to 2020. She is concurrently the Treasurer of COL Investment Management, Inc., COL Equity Index Unitized Mutual Fund, Inc., and COL Strategic Growth Equity Unitized Mutual Fund, Inc. (formerly COL Cash Management Unitized Mutual Fund, Inc.). She was previously the Accounting Department Head of the Company and Citisec Asset Management, Inc., the fund manager for Citisec Growth and Income Fund, Inc. Before that, she was a Senior Associate in-charge at SyCip Gorres Velayo & Co. which provided her extensive training in tax, accounting and financial reporting. Ms. Velarde graduated from the University of Santo Tomas with a Bachelor of Science Degree in Commerce Major in Accounting in 1991 and became a Certified Public Accountant on the same year.

Juan Carlos Aquino
Associated Person

Juan Carlos G. Aquino, 40, Filipino, is a Bachelor of Science in Management Engineering minor in Finance graduate from the Ateneo de Manila University in 2004. After graduating, he joined CTS Global Equity Group, Inc. in 2004 as a Financial Analyst and is currently the appointed Associated Person since 2015, and Compliance Officer for Privacy and Chief Compliance Officer of CTS.

Sharon T. Lim
Corporate Secretary

Sharon T. Lim, 43, Filipino, was appointed as Corporate Secretary in November 2018. She is the VP and Head of the Legal and Compliance Department of COL Financial Group, Inc. and she was the Head of its Human Resources Department from 2016 to 2019. She also serves as the Corporate Secretary of COL Financial Group, Inc., COL Equity Index Unitized Mutual Fund, Inc. COL Strategic Growth Equity Unitized Mutual Fund, Inc. (formerly COL Cash Management Unitized Mutual Fund, Inc.), and COL Investment Management, Inc. Atty. Lim was previously a Senior Associate of Puyat, Jacinto, and Santos Law Offices and an Associate of Picazo Buyco Tan Fider and Santos Law Offices. She graduated with a degree of Bachelor of Science in Management Engineering at the Ateneo de Manila University, Bachelor of Laws at the University of the Philippines, and Master of Laws (Corporate & Financial Services Law) at the National University of Singapore. She was admitted to the Philippine Bar in 2007, is a licensed Associated Person of COL Financial Group, Inc. and a Certified Privacy Information Manager.

Stephanie Faye B. Reyes
Assistant Corporate Secretary

Stephanie Faye B. Reyes, 34, Filipino, was appointed as Assistant Corporate Secretary in 2018. She is also the Legal Manager and Assistant Corporate Secretary of COL Financial Group, Inc. Previously, she was a Junior Associate at Paredes Garcia & Golez Law Offices and Chan Robles and Associates. She graduated with a Juris Doctor degree from the University of the Philippines College of Law in 2014 and a degree in AB Interdisciplinary Studies from Ateneo de Manila University in 2010. She was admitted to the Philippine Bar in 2015 and is a licensed Associated Person.

Sanida C. Tan
Assistant Corporate Secretary

Sanida C. Tan, Filipino, 74, graduated from Centro Escolar University with an Associate Secretarial Course. Ms. Tan has been with CTS Global Equity Group, Inc. since 1986 and is currently the Assistant Corporate Secretary and Operations and Admin Manager of the Company.

Steffi Nicole P. Flores
Assistant Corporate Secretary

Steffi Nicole P. Flores, 31, Filipino, is currently a Legal Officer of COL Financial Group, Inc. She previously worked as an Assistant Attorney/Associate in Ortega, Baccorro, Odulio, Calma & Carbonell Law Office before joining the Company in October 2021. In 2019, she graduated from the University of Santo Tomas with a Juris Doctor degree and was admitted to the Philippine Bar in 2020. She also holds a degree of Bachelor of Science in Nursing from the same university.

Term of Office

Pursuant to the Amended By-Laws, the directors are elected at each annual stockholders' meeting by stockholders entitled to vote. Each director holds office until the next annual election and their successor is duly elected, unless they resign, die, or are removed prior to such election.

Resignation/Retirement of Directors and Executive Officers as of December 31, 2021

None of the directors have resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Significant Employees

No single person is considered to have made a significant contribution to the business since CTS considers the collective efforts of all its employees as instrumental to the overall success of the Company's performance.

Family Relationships

Aside from those mentioned below, there are no other family relationships either by consanguinity or affinity up to the fourth (4th) civil degree among its directors, executive officers, and nominees for election as directors.

DIRECTOR/ EXECUTIVE OFFICER	FAMILY RELATIONSHIP
Edward K. Lee	Father of Lawrence C. Lee and Edmund C. Lee; Sibling of Catherine L. Ong
Alexander C. Yu	Father of Michelle Angeline N. Yu; Sibling of Raymond C. Yu
Lawrence C. Lee	Son of Edward K. Lee; Sibling of Edmund C. Lee; Nephew of Catherine L. Ong
Raymond C. Yu	Sibling of Alexander C. Yu; Uncle of Michelle Angeline N. Yu
Edmund C. Lee	Son of Edward K. Lee; Sibling of Lawrence C. Lee; Nephew of Catherine L. Ong
Catherine L. Ong	Sibling of Edward K. Lee; Aunt of Lawrence C. Lee and Edmund C. Lee
Michelle Angeline N. Yu	Daughter of Alexander C. Yu: Niece of Raymond C. Yu

Involvement in Certain Legal Proceedings

The Company is not aware of any of the following events having occurred during the past five (5) years up to the date of this report that are material to an evaluation of the ability or integrity of any director, nominee for election as director, executive officer, underwriter, or controlling person of the Company:

(1) Any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;

(2) Any order or judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities, or banking activities; and

(3) Any findings by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

CTS is not involved in, nor are any of their properties subject to, any material legal proceedings that could potentially affect its operations and financial capabilities.

Item 11. Executive Compensation

Standard Arrangements

Directors

Each director is entitled to a reasonable per diem, which amount shall, according to Article III, Section 9 of the Company's Amended By-laws, not exceed ten percent (10%) of the net income before income tax of the Company during the previous year.

Below is a summary of the per diem given to the directors of the Company as a group:

	Year Ended 31 December	
	2022	2021
Per diem to the Board of Directors as a group	₱75,000	₱25,000

Aside from this, directors do not receive any other form of remuneration in their capacity as such directors.

Executives and Senior Officers

Below is a summary of the guaranteed pay of the five highest-paid executive officers and the Company's executives and officers as a group:

SUMMARY COMPENSATION TABLE Annual Compensation			
(in ₱ Million)	**Annual Salary 2023 (est.)**	**Annual Salary 2022**	**Annual Salary 2021**
a) Chief Executive Officer and the Four Most Compensated Executives:			
Lawrence C. Lee President & CEO *Edmund C. Lee* Chief Finance Officer *Leonard Louis C. Chua* Head of Global Investments *Richard Lemuel U. Pacheco* Head of Proprietary Trading *Sanida C. Tan* Assistant Corporate Secretary			
All above-named Executives and Officers as a Group	₱5.07	₱4.93	₱4.91
b) All other Executives and Officers as a Group	₱3.47	₱3.35	₱3.31

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no special employment contracts between CTS and the executive officers named in the preceding paragraphs. Likewise, there are no compensatory plans or arrangements with respect to a named executive officer.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners of more than 5% of the Company's voting securities as of 28 February 2023 are as follows:

Title of Class	Name, Address of Record Owner and Relationship with the Issuer	Name of Beneficial Owners and Relationship with Record Owner	Citizenship	No. of Shares Held Directly (D) or under PCD (P)	Percent (%)
Common	**PCD Nominee Corp.** G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati	Various	Filipino	1,874,016,000 (D)	27.26
			Non-Filipino	81,231,000 (D)	1.18
	Lee, Edward K. Mahogany St., Makati	Lee, Edward K.	Filipino	1,679,357,960(D) 25,330,000(P)	27.43
	Lee, Lydia C. Mahogany St., Makati			178,570,000(P)	
	ELLEE & Co., Inc.[1] 2701C East Tower, Tektite Towers, Exchange Rd, Ortigas Center, Pasig			2,293,000(P)	
	Yu, Alexander C. Ortega St., San Juan	Yu, Alexander C.	Filipino	741,765,000 (D) 4,378,000 (P)	12.34
	Yu, Adrian Alexander N. Ortega St., San Juan			100,000,000 (D) 2,384,000 (P)	
	Yu, Raymond C. New Manila, Quezon City	Yu, Raymond C.	Filipino	596,706,000 (D)	8.73
	Yu, Jacqueline L. or Yu, Raynard L New Manila, Quezon City			3,500,000 (P)	
	Lim, Hernan G. Polk St., North Greenhills, San Juan	Lim, Hernan G.	Filipino	596,706,000(D)	8.68

**No other single individual has reached more than 5% - 10% of the total outstanding shares of CTS.*

Security Ownership of Management (as of 28 February 2023)

Title of Class	Name of Owner	Position	Citizenship	Total No. of Shares	Percent (%)
Common	Edward K. Lee	Chairman	Filipino	1,885,550,960	27.43
Common	Alexander C. Yu	Vice-Chairman/ Treasurer	Filipino	848,527,000	12.34
Common	Lawrence C. Lee	Director/President/CEO	Filipino	220,000,000	3.20
Common	Hernan G. Lim	Director	Filipino	596,706,000	8.68
Common	Raymond C. Yu	Director	Filipino	600,206,000	8.73
Common	Catherine L. Ong	Director/SVP	Filipino	263,181,540	3.83
Common	Edmund C. Lee	Director/Chief Finance Officer	Filipino	220,000,000	3.20
Common	Michelle Angeline N. Yu	Director	Filipino	110,000,000	1.60
Common	Martin T. Lee	Independent Director	Filipino	3,005,000	0.04

[1] Mr. Edward K. Lee, Chairman of the Board of ELLEE & Co., Inc. ("Ellee"), has been named and appointed to exercise Ellee's voting power.

Title of Class	Name of Owner	Position	Citizenship	Total No. of Shares	Percent (%)
Common	Donald R. Felbaum	Independent Director	American	1,500,000	0.02
Common	Emmanuel L. Samson	Independent Director	Filipino	4,000,000	0.06
Common	Leonard Louis C. Chua	Head of Global Investments	Filipino	850,000	0.01
Common	Richard Lemuel U. Pacheco	Head of Proprietary Trading	Filipino	-	0.00
Common	Terence L. Chan	Head of HK Investments	Filipino	18,336,000	0.27
Common	Bryan S. Gomez	Head of External Relations	Filipino	-	0.00
Common	Mark Jason C. Mariposa	Head of Macroeconomics	Filipino	550,000	0.01
Common	Lorena E. Velarde	Associated Person	Filipino	100,000	0.00
Common	Juan Carlos Aquino	Associated Person	Filipino	8,000	0.00
Common	Sharon T. Lim	Corporate Secretary	Filipino	-	0.00
Common	Stephanie Faye B. Reyes	Assistant Corporate Secretary	Filipino	-	0.00
Common	Sanida C. Tan	Assistant Corporate Secretary	Filipino	1,750,000	0.03
Common	Steffi Nicole P. Flores	Assistant Corporate Secretary	Filipino	-	0.00
Common	**Key Officers and Directors (as a group)**			**4,774,270,500**	**69.44**

As of February 28, 2023, the Company's public float is 30.56%.

Item 13. Certain Relationships and Related Transactions

Transactions between related parties are based on terms similar to those offered to nonrelated parties. The transactions are done in the normal conduct of operations and are recorded in the same manner as transactions that are entered into with other parties.

PART IV - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibits

Please refer to the attached Index to Financial Statements and Supplementary Schedules on page 42.

Reports on SEC Form 17-C

Items reported under SEC Form 17-C filed during the last six months of the period covered by this report are as follows:

Items Reported	Date filed	Announcement Date	Circular No.
Change in Shareholdings of Directors and Principal Officers	Dec 29, 2022	Dec 29, 2022	C09584-2022
Material Information/Transactions	Dec 29, 2022	Dec 29, 2022	C09575-2022
Change in Shareholdings of Directors and Principal Officers	Dec 23, 2022	Dec 23, 2022	C09500-2022
Change in Shareholdings of Directors and Principal Officers	Dec 19, 2022	Dec 19, 2022	C09349-2022
Change in Shareholdings of Directors and Principal Officers	Dec 07, 2022	Dec 07, 2022	C09071-2022
Change in Shareholdings of Directors and Principal Officers	Nov 25, 2022	Nov 25, 2022	C08787-2022
Press Release	Nov 16, 2022	Nov 16, 2022	C08595-2022
Material Information/Transactions	Nov 16, 2022	Nov 16, 2022	C08594-2022
Material Information/Transactions	Nov 15, 2022	Nov 15, 2022	C08573-2022
Change in Shareholdings of Directors and Principal Officers	Oct 28, 2022	Oct 28, 2022	C08018-2022
Change in Shareholdings of Directors and Principal Officers	Oct 26, 2022	Oct 26, 2022	C07938-2022
Material Information/Transactions	Oct 14, 2022	Oct 14, 2022	C07657-2022
Material Information/Transactions	Sep 30, 2022	Sep 30, 2022	C07305-2022
Change in Shareholdings of Directors and Principal Officers	Sep 28, 2022	Sep 28, 2022	C07227-2022
Change in Shareholdings of Directors and Principal Officers	Sep 16, 2022	Sep 16, 2022	C07008-2022
Change in Shareholdings of Directors and Principal Officers	Sep 12, 2022	Sep 12, 2022	C06894-2022
Change in Shareholdings of Directors and Principal Officers	Aug 31, 2022	Aug 31, 2022	C06643-2022
Change in Shareholdings of Directors and Principal Officers	Aug 25, 2022	Aug 25, 2022	C06538-2022
Press Release	Aug 16, 2022	Aug 16, 2022	C06337-2022
Material Information/Transactions	Aug 16, 2022	Aug 16, 2022	C06336-2022
Material Information/Transactions	Aug 15, 2022	Aug 15, 2022	C06283-2022
Change in Shareholdings of Directors and Principal Officers	Jul 18, 2022	Jul 18, 2022	C05336-2022
Material Information/Transactions	Jul 15, 2022	Jul 15, 2022	C05290-2022
Change in Shareholdings of Directors and Principal Officers	Jul 12, 2022	Jul 12, 2022	C05166-2022
Change in Shareholdings of Directors and Principal Officers	Jul 06, 2022	Jul 06, 2022	C05053-2022
Press Release	Jul 04, 2022	Jul 04, 2022	C04990-2022
Material Information/Transactions	Jul 04, 2022	Jul 04, 2022	C04989-2022

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on April 13, 2023.

CTS GLOBAL EQUITY GROUP, INC.
Issuer

By:

Lawrence C. Lee
President and Chief Executive Officer

Alexander C. Yu
Vice-Chairman and Treasurer

Edmund C. Lee
Chief Finance Officer

Sharon T. Lim
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 13th day of April 2023, at Pasig, affiants exhibiting to me their Passports, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Lawrence C. Lee	P6416803B	March 3, 2021	DFA NCR East
Alexander C. Yu	P6253471B	Feb. 9, 2021	DFA NCR Central
Edmund C. Lee	P8037570B	October 29, 2021	DFA Manila
Sharon T. Lim	P7315563B	August 2, 2021	DFA Manila

Notary Public

ATTY. STEFFI NICOLE P. FLORES
For the Cities of Pasig, San Juan
and Municipality of Pateros
Expiring on 31 December 2023
Appointment No. 27 (2022-2023) Pasig City,
Roll No. 74089/ IBP No. 261257/01-03-2023/Quezon City
PTR No. 0173009/01.05.23/Pasig City
MCLE Compliance No. VII-0012504/03.08.22
2703C East Tower Tektite Towers (formerly PSE
Centre), Exchange Road, Ortigas Center, Pasig City 1605

Doc. No. : 498
Page No. : 101
Book No.: 1
Series of 2023

CTS GLOBAL EQUITY GROUP, INC.
SEC FORM 17-A

INDEX TO FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

FINANCIAL STATEMENTS	Remarks/Attachments
Statement of Management's Responsibility for Financial Statements	✓
Independent Auditors Report	✓
Statements of Financial Position as of December 31, 2022 and 2021	✓
Statements of Comprehensive Income for the Years Ended December 31, 2022, 2021 and 2020	✓
Statements of Changes in Equity for the Years Ended December 31, 2022, 2021 and 2020	✓
Statements of Cash Flows for the Years Ended December 31, 2022, 2021 and 2020	✓
Notes to Financial Statements	✓
SUPPLEMENTARY SCHEDULES	
Report of Independent Auditors on Supplementary Schedules	✓
Schedule I. Statement of Changes in Liabilities Subordinated to Claims of General Creditors	✓
Schedule II. Computation of Risk-Based Capital Adequacy Worksheet Pursuant to Securities and Exchange Commission Memorandum Circular No. 16	✓
Schedule III. Information Relating to the Possession or Control Requirements under Securities Regulation Code (SRC) Rule 49.2	✓
Schedule IV. Computation for Determination of Reserve Requirements under SRC Rule 49.2	✓
Schedule V. A Report Describing Any Material Inadequacies Found to Exist or Found to Have Existed since the Date of the Previous Audit	✓
Schedule VI. Results of Year-end Securities Count Conducted Pursuant to SRC Rule 52.1-10, As Amended	✓
Schedule VII. Supplementary Schedule on Reconciliation of Retained Earnings Available for Dividend Declaration under the Revised SRC Rule 68	✓
Schedule VIII. Supplementary Schedule of Financial Soundness Indicators under the Revised SRC Rule 68	✓
Schedule IX. Supplementary Schedules under Annex 68-J of the Revised SRC Rule 68	✓

ctsbirefps@ctsglobalgroup.com

From:	eafs@bir.gov.ph
Sent:	Thursday, 13 April 2023 11:56 am
To:	CTSBIREFPS@CTSGLOBALGROUP.COM
Cc:	CTSBIREFPS@CTSGLOBALGROUP.COM
Subject:	Your BIR AFS eSubmission uploads were received

Hi CTS GLOBAL EQUITY GROUP INC,

Valid files

- EAFS000322268TCRTY122022-01.pdf
- EAFS000322268ITRTY122022.pdf
- EAFS000322268TCRTY122022-02.pdf
- EAFS000322268AFSTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-MN4VXSST0Q1MXVQ1SQ11WQMV10BJCBDD76**
Submission Date/Time: **Apr 13, 2023 11:56 AM**
Company TIN: **000-322-268**

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

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

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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	0	6	3	8	2	4

COMPANY NAME

CTS GLOBAL EQUITY GROUP, INC.

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

27/F East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
52AR	MSRD	Broker/Dealer

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
compliance@ctsglobalgroup.com	(02) 8 635-5735	0961 078 5433

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
17	Any Date of March	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Lawrence C. Lee	lawrence@ctsglobalgroup.com	(02) 8 635-5735	0961 078 5433

CONTACT PERSON'S ADDRESS

27/F East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

NOTE 2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

CTS GLOBAL EQUITY GROUP, INC.
ANNUAL AUDITED FINANCIAL REPORT
TABLE OF CONTENTS

DECEMBER 31, 2022

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

COVER PAGE

Information Required of Brokers and Dealers Pursuant to Rule 52.1-5 of the SRC.

Report for the Year Beginning January 1, 2022 and Ended December 31, 2022.

IDENTIFICATION OF BROKER OR DEALER	
Name of Broker/Dealer:	CTS Global Equity Group, Inc.
Address of Principal Place of Business:	27/F East Tower Tektite Towers, Exchange Road Ortigas Center, Pasig City
Name and Phone Number of Person to Contact in Regard to this Report:	
Name: Lawrence C. Lee	Tel. No.: (02) 8 635-5735 Fax No.: (02) 8 634-6696

IDENTIFICATION OF ACCOUNTANT	
Name of Independent Auditor whose opinion is contained in this report:	
Name: Reyes Tacandong & Co. SEC Accreditation No. 4782 SEC Group A; Issued August 11, 2022 Valid for Financial Periods 2021 to 2025	Tel. No.: (02) 8 982-9100 Fax No.: (02) 8 982-9111
Address: 26th Floor BDO Towers Valero, 8741 Paseo de Roxas, Makati City	
EMMANUEL V. CLARINO Partner CPA Certificate No. 27455 Tax Identification No. 102-084-004-000 BOA Accreditation No. 4782; Valid until April 13, 2024 SEC Accreditation No. 27455-SEC Group A Issued January 28, 2020 Valid for Financial Periods 2019 to 2023 BIR Accreditation No. 08-005144-005-2022; Valid until October 16, 2025 PTR No. 9564558 Issued January 3, 2023, Makati City	

CTS GLOBAL EQUITY GROUP, INC.
2701-B East Tower, Tektite Towers, Exchange Road
Ortigas Center Pasig City 1605 Philippines
PSE Trading Participant, SCCP & SIPF Member
Trading Floor (+632) 8-634-6976 **Facsimile**: (+632) 8-634-6696
Office (+632) 8-635-5735 to 37 **Website** www.CTSGLOBALGROUP.COM

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **CTS Global Equity Group, Inc.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Edward K. Lee
Chairman of the Board

Lawrence C. Lee
President

Edmund C. Lee
Chief Finance Officer

Signed this 27th day of March 2023

SUBSCRIBED AND SWORN to before me this MAR 2 7 2023 2023, at Pasig City, affiants exhibited to me their respective passports, as follows:

Name	Passport No.	Date/Place Issued
Edward K. Lee	P5099380B	March 11, 2020/ DFA NCR East
Lawrence C. Lee	P6416803B	March 3, 2021/DFA NCR East
Edmund C. Lee	P8037570B	October 29, 2021/ DFA Manila

Doc. No. 447;
Page No. 91;
Book No. 1;
Series of 2023.

ATTY. STEFFI NICOLE P. FLORES
For the Cities of Pasig,
San Juan and the Municipality of Pateros
Expiring on 31 December 2023
Appointment No. 27 (2022-2023) Pasig City
Roll No. 74080 / IBP No. 261257/01-03-23/Quezon City
PTR No. 0173009/01.05.2023/Pasig City
MCLE Compliance No. VII-0012504/03.03.22
2703C East Tower Tektite Towers (formerly PSE
Centre), Exchange Road, Ortigas Center, Pasig City 1605

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
CTS Global Equity Group, Inc.
Doing business under the names and styles of
CTS Global, CTS Global Equities, CTS Global Securities,
CTS Securities, and Citisecurities
27/F East Tower, Tektite Towers, Exchange Road
Ortigas Center, Pasig City

Opinion

We have audited the accompanying financial statements of CTS Global Equity Group, Inc. doing business under the names and styles of CTS Global, CTS Global Equities, CTS Global Securities, CTS Securities, and Citisecurities (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2022, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022, 2021 and 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for the Use of the Proceeds from the Initial Public Offering (IPO)

The shares of stock of the Company were listed with the Philippine Stock Exchange, Inc. on April 13, 2022. The proceeds from the IPO amounted to ₱1,353.3 million, net of offer expenses incidental to the IPO amounting to ₱21.7 million. The accounting for the use of the proceeds is significant to our audit because the unapplied proceeds amounting to ₱791.5 million, which are maintained in the Company's cash in bank and certain investments in government securities as at December 31, 2022 represent 36% of the total assets. Moreover, the Company is required to adhere to the use of the proceeds pursuant to the Offering Circular.

Our procedures included, among others, obtaining confirmation from the banks and examining the underlying documents to substantiate the cash in bank and investments in government securities, and checking the nature and validating the underlying documents supporting the actual disbursements of the proceeds.

Necessary disclosures are included in Note 1, *Corporate Information* and Note 4, *Financial Risk Management Objectives and Policies*.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2022, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A, and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Emmanuel V. Clarino.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 27455-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 9564558
Issued January 3, 2023, Makati City

March 27, 2023
Makati City, Metro Manila

CTS GLOBAL EQUITY GROUP, INC.

STATEMENTS OF FINANCIAL POSITION

		December 31					
		2022			2021		
			Security Valuation			Security Valuation	
	Note	Money Balance	Long	Short	Money Balance	Long	Short
ASSETS							
Current Assets							
Cash and cash equivalents	6	₱477,190,696			₱444,299,376		
Financial assets at fair value through profit or loss (FVPL)	7	1,375,625	₱1,375,625		2,061	₱2,061	
Trade receivables	8	389,117,645	710,158,508		406,426,557	42,565,183	
Investments in government securities - current portion	9	50,000,000			–		
Other current assets	10	17,943,830			9,920,428		
Total Current Assets		935,627,796			860,648,422		
Noncurrent Assets							
Investments in government securities - net of current portion	9	1,225,214,902			50,000,000		
Intangible assets	11	3,126,647			2,536,165		
Property and equipment	12	8,983,912			11,135,896		
Investment property	13	9,642,372			10,285,195		
Net deferred tax assets	21	5,539,275			3,019,688		
Other noncurrent assets	14	11,389,319			10,530,748		
Total Noncurrent Assets		1,263,896,427			87,507,692		
Total Assets		₱2,199,524,223			₱948,156,114		
Securities in Vault, Transfer Offices, and Philippine Depository and Trust Corporation				₱9,026,477,334			₱10,452,610,993
LIABILITIES AND EQUITY							
Current Liabilities							
Trade payables	15	₱172,678,596	8,314,943,201		₱331,096,290	10,410,043,749	
Lease liabilities - current portion	20	1,187,974			1,287,355		
Other current liabilities	16	17,861,153			8,922,915		
Total Current Liabilities		191,727,723			341,306,560		
Noncurrent Liabilities							
Net retirement benefit liability	19	18,239,384			19,740,174		
Lease liabilities - net of current portion	20	507,558			921,273		
Total Noncurrent Liabilities		18,746,942			20,661,447		
Total Liabilities		210,474,665			361,968,007		
Equity							
Capital stock	4	687,500,000			550,000,000		
Additional paid-in capital		1,223,556,878			–		
Retained earnings:							
Appropriated	4	6,704,006			4,689,519		
Unappropriated		79,313,664			29,091,026		
Other equity reserves		(8,024,990)			2,407,562		
Total Equity		1,989,049,558			586,188,107		
Total Liabilities and Equity		₱2,199,524,223	₱9,026,477,334	₱9,026,477,334	₱948,156,114	₱10,452,610,993	₱10,452,610,993

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2022**	2021	2020
REVENUES				
Interest	6	**₱40,145,578**	₱3,018,162	₱7,288,079
Trading gains on financial assets at FVPL - net	7	**32,466,943**	109,390,995	157,813,316
Commissions		**11,541,693**	15,593,189	5,958,726
Dividends	7	**3,596,309**	2,590,755	1,201,085
		87,750,523	130,593,101	172,261,206
COSTS OF SERVICES				
Personnel costs	18	**29,179,822**	28,037,830	22,539,339
Commissions		**24,962,591**	47,412,755	26,180,455
Transaction costs		**12,668,401**	10,982,561	17,835,784
Research		**2,496,028**	2,258,628	2,500,607
Stock exchange dues and fees		**2,039,309**	1,833,798	872,653
Central depository fees		**1,094,279**	1,031,627	620,772
Communications		**822,178**	851,271	1,170,872
		73,262,608	92,408,470	71,720,482
GROSS PROFIT		**14,487,915**	38,184,631	100,540,724
OPERATING EXPENSES				
Personnel costs	18	**14,754,297**	14,525,347	11,677,855
Professional fees		**2,887,500**	1,626,107	923,500
Condominium dues, power and water		**1,831,406**	1,717,551	2,053,777
Insurance and bonds		**1,606,806**	1,449,090	1,494,450
Taxes and licenses		**1,316,913**	3,128,970	782,091
Communications		**1,214,436**	1,225,827	2,240,575
Security and other manpower services		**1,120,477**	1,192,793	1,223,156
Trainings and seminars		**699,909**	603,374	22,829
Office supplies		**334,667**	262,303	194,820
Escrow fees		**311,027**	–	–
Repairs and maintenance		**198,750**	70,343	143,411
Others		**1,221,020**	781,097	467,044
		27,497,208	26,582,802	21,223,508
Depreciation and amortization	11	**4,288,518**	4,415,310	8,121,609
Interest expense	19, 20	**1,081,100**	940,230	1,414,758
Provision for (reversal of) credit losses	8	**(135,506)**	213,467	(43,030)
		32,731,320	32,151,809	30,716,845
OTHER INCOME (CHARGES)				
Foreign exchange gains (losses) - net		**71,704,320**	20,273,666	(14,634,930)
Other income	12	**–**	–	815,092
		71,704,320	20,273,666	(13,819,838)
INCOME BEFORE INCOME TAX		**53,460,915**	26,306,488	56,004,041

(Forward)

	Note	Years Ended December 31 2022	2021	2020
INCOME BEFORE INCOME TAX		**₱53,460,915**	₱26,306,488	₱56,004,041
INCOME TAX EXPENSE	21			
Current		**265,860**	485,389	3,440,228
Deferred		**957,930**	5,676,229	5,668,626
		1,223,790	6,161,618	9,108,854
NET INCOME		**52,237,125**	20,144,870	46,895,187
OTHER COMPREHENSIVE INCOME (LOSS)				
To be reclassified to profit or loss in subsequent periods	9			
Unrealized loss on changes in fair value of debt securities at fair value through other comprehensive income (FVOCI)		**(18,686,007)**	–	–
Deferred income tax benefit		**4,671,502**	–	–
		(14,014,505)	–	–
Not to be reclassified to profit or loss on subsequent periods	19			
Remeasurement gain (loss) on retirement benefit liability		**4,775,938**	5,772,318	(3,419,817)
Deferred income tax benefit (expense)		**(1,193,985)**	(1,571,191)	1,025,945
		3,581,953	4,201,127	(2,393,872)
TOTAL COMPREHENSIVE INCOME		**₱41,804,573**	₱24,345,997	₱44,501,315
Basic/Diluted Earnings Per Share	22	**₱0.0081**	₱0.0039	₱0.0099

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

							Other Equity Reserves		
				Retained Earnings			Cumulative Unrealized Losses on Changes in Fair Value of Financial Assets at FVOCI (net of deferred tax)	Cumulative Remeasurement Gains (Losses) on Retirement Benefit Liability (net of deferred tax)	
	Note	Capital Stock	Additional Paid-In Capital	Appropriated	Unappropriated	Total			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
Issuances of capital stock	4	137,500,000	1,237,500,000	–	–	–	–	–	1,375,000,000
Stock issuance costs	4	–	(13,943,122)	–	–	–	–	–	(13,943,122)
Net income		–	–	–	52,237,125	52,237,125	–	–	52,237,125
Appropriation	4	–	–	2,014,487	(2,014,487)	–	–	–	–
Other comprehensive income (loss)		–	–	–	–	–	(14,014,505)	3,581,953	(10,432,552)
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
Balances at December 31, 2020		₱500,000,000	₱–	₱–	₱15,249,292	₱15,249,292	₱–	(₱1,793,565)	₱513,455,727
Issuances of capital stock	4	50,000,000	–	–	–	–	–	–	50,000,000
Stock issuance costs	4	–	–	–	(1,613,617)	(1,613,617)	–	–	(1,613,617)
Net income		–	–	–	20,144,870	20,144,870	–	–	20,144,870
Appropriation	4	–	–	4,689,519	(4,689,519)	–	–	–	–
Other comprehensive income		–	–	–	–	–	–	4,201,127	4,201,127
Balances at December 31, 2021		₱550,000,000	₱–	₱4,689,519	₱29,091,026	₱33,780,545	₱–	₱2,407,562	₱586,188,107

	Note	Capital Stock	Deposits for Future Stock Subscriptions	Retained Earnings (Deficit)			Other Equity Reserves		Total Equity
				Appropriated	Unappropriated	Total	Cumulative Unrealized Losses on Changes in Fair Value of Financial Assets at FVOCI (net of deferred tax)	Cumulative Remeasurement Gains (Losses) on Retirement Benefit Liability (net of deferred tax)	
Balances at December 31, 2019		₱200,000,000	₱300,000,000	₱–	(₱27,445,895)	(₱27,445,895)	₱–	₱600,307	₱473,154,412
Issuances of capital stock	4	300,000,000	(300,000,000)	–	–	–	–	–	–
Stock issuance costs	4	–	–	–	(4,200,000)	(4,200,000)	–	–	(4,200,000)
Net income		–	–	–	46,895,187	46,895,187	–	–	46,895,187
Other comprehensive loss	19	–	–	–	–	–	–	(2,393,872)	(2,393,872)
Balances at December 31, 2020		₱500,000,000	₱–	₱–	₱15,249,292	₱15,249,292	₱–	(₱1,793,565)	₱513,455,727

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

STATEMENTS OF CASH FLOWS

	Note	2022	2021	2020
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱53,460,915**	₱26,306,488	₱56,004,041
Adjustments for:				
Interest income	6	**(40,145,578)**	(3,018,162)	(7,288,079)
Unrealized foreign exchange losses (gains) - net		**(31,479,210)**	(20,273,666)	14,634,930
Depreciation and amortization	11	**4,288,518**	4,415,310	8,121,609
Dividend income	7	**(3,596,309)**	(2,590,755)	(1,201,085)
Retirement expense	18	**2,248,659**	2,509,133	2,018,138
Interest expense	19	**1,081,100**	940,230	1,414,758
Unrealized losses on financial assets at FVPL - net	7	**255,110**	105,380	424
Provision for (reversal of) credit losses	8	**(135,506)**	213,467	(43,030)
Gain on cancellation of leases	12	**–**	–	(762,467)
Gain on disposal of equipment	12	**–**	–	(52,625)
Operating income (loss) before working capital changes		**(14,022,301)**	8,607,425	72,846,614
Decrease (increase) in:				
Financial assets at FVPL		**(1,628,674)**	5,314	41,067,709
Trade receivables		**49,022,921**	(65,188,133)	(78,387,317)
Other current assets		**(1,200,816)**	736,487	(96,251)
Other noncurrent assets		**(858,571)**	(629,324)	882,139
Increase (decrease) in:				
Trade payables		**(158,417,694)**	39,226,132	(42,407,485)
Other current liabilities		**8,938,238**	(2,097,399)	9,732,043
Net cash generated from (used for) operations		**(118,166,897)**	(19,339,498)	3,637,452
Interest received		**33,918,258**	3,017,949	7,512,348
Income taxes paid		**(25,776)**	(11,152,433)	(481,839)
Dividend received		**3,596,309**	2,592,718	1,252,486
Net cash provided by (used in) operating activities		**(80,678,106)**	(24,881,264)	11,920,447
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Investments in government securities	9	**(1,244,701,810)**	–	(50,000,000)
Intangible assets	11	**(988,800)**	(415,893)	(90,640)
Property and equipment	12	**(233,174)**	(398,985)	(125,968)
Proceeds from disposal of equipment	12	**–**	–	52,625
Net cash used in investing activities		**(1,245,923,784)**	(814,878)	(50,163,983)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital stock issuances	4	**1,375,000,000**	50,000,000	–
Payments of stock issuance costs	4	**(13,943,122)**	(1,613,617)	(4,200,000)
Payments of lease liabilities	20	**(1,429,926)**	(1,429,889)	(3,745,242)
Net cash provided by (used in) financing activities		**1,359,626,952**	46,956,494	(7,945,242)

(Forward)

	Years Ended December 31		
	2022	2021	2020
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**₱33,025,062**	₱21,260,352	(₱46,188,778)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(133,742)**	17,352	(17,639)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**444,299,376**	423,021,672	469,228,089
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱477,190,696**	₱444,299,376	₱423,021,672

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022 AND 2021
AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

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 Company's current operations are affected by the existing global inflation and high interest rates, which makes it difficult for equities trading to break out of the current market situation. Accordingly, this resulted to lower trading gains from both local and global stock markets for the Company. The management, however, has been continuously monitoring the impact of the global inflation and interest rates and adjusts its strategies to mitigate the market volatility. In 2022, the decrease in trading gains is partially mitigated by the growth in interest income from the Company's investments in fixed income securities.

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

The financial statements of the Company as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issue by the BOD on March 27, 2023, as recommended for approval by the Audit Committee on March 27, 2023.

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 per cent' 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.

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 December 31, 2022 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- 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.

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 December 31, 2022 and 2021, 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 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 December 31, 2022 and 2021, 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 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 December 31, 2022 and 2021, 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 December 31, 2022 and 2021, the Company's trade payables, other current liabilities (excluding statutory payables) and lease liabilities are classified under this category (see Notes 15, 16 and 20).

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

Classification of Financial Instrument between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonable certain not to terminate early.

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

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

Income Taxes

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

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

Deferred tax liabilities are recognized for all taxable temporary differences that are expected to increase future taxable income. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from the 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 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.

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 December 31, 2022 and 2021, 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 December 31, 2022 and 2021, the Company determined that it has two operating segments which pertain to local and global trading (see Note 23).

<u>Accounting Estimates and Assumptions</u>

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	**2022**	2021	2020
Provision for (reversal of) credit losses on trade receivables	8	**(₱135,506)**	₱213,467	(₱43,030)

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

	Note	**2022**	2021
Trade receivables	8	**₱389,117,645**	₱406,426,557
Allowance for credit losses	8	**366,646**	502,152

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 2022, 2021 and 2020.

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

	Note	2022	2021
Cash and cash equivalents	6	**₱477,190,696**	₱444,299,376
Investments in government securities*	9	**513,818,936**	50,000,000
Interest receivables**	10	**7,300,442**	237,772
Receivables from employees**	10	**1,194,286**	438,546
Refundable deposits***	14	**11,062,124**	10,277,093

**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 2022, 2021 and 2020.

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 2022, 2021 and 2020.

The carrying amounts of nonfinancial assets are as follows:

	Note	2022	2021
Property and equipment	12	**₱8,983,912**	₱11,135,896
Investment property	13	**9,642,372**	10,285,195
Intangible assets	11	**3,126,647**	2,536,165
Other current assets*	10	**9,449,102**	9,244,110
Other noncurrent assets**	14	**327,195**	253,655

**Excluding interest receivable and receivables from employees aggregating ₱8.5 million and ₱0.7 million as at December 31, 2022 and 2021, respectively.*

***Excluding refundable deposits amounting ₱11.1 million and ₱10.3 million as at December 31, 2022 and 2021, 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 3.87% to 4.92% and 3.87% to 3.97% in 2022 and 2021, respectively, for the computation of lease liabilities and ROU assets.

Lease liabilities amounted to ₱1.7 million and ₱2.2 million as at December 31, 2022 and 2021, respectively. Carrying amount of ROU assets amounted to ₱1.7 million and ₱2.2 million as at December 31, 2022 and 2021, respectively (see Note 20).

Determination of the Retirement Liability. The determination of the obligation and cost of retirement benefit is dependent on the assumptions used by the actuary in calculating such amounts. The assumptions are described in Note 19 to the financial statements and include, among others, discount rates and salary increase rates. Actual results that differ from the Company's assumptions are recognized in OCI and, therefore, generally affect the recorded obligation in such future periods.

Net retirement benefit liability amounted to ₱18.2 million and ₱19.7 million as at December 31, 2022 and 2021, 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 ₱14.2 million and ₱5.6 million as at December 31, 2022 and 2021, 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.

	2022			
	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.*

	2021			
	12-month ECL	Lifetime ECL – Not Credit-Impaired	Lifetime ECL – Credit Impaired	Total
Financial assets at amortized cost:				
Cash in banks	₱444,287,376	₱–	₱–	₱444,287,376
Trade receivables	–	406,426,557	502,152	406,928,709
Investment in government securities	–	50,000,000	–	50,000,000
Interest receivables*	–	237,772	–	237,772
Receivables from employees*	–	438,546	–	438,546
Refundable deposits**	–	10,277,093	–	10,277,093
	₱444,287,376	₱467,379,968	₱502,152	₱912,169,496

**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:

	2022		
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**

	2021		
Days from Transaction Date of Counterparty	Amount	Collateral (net of haircut)	Counterparty Exposure
1 - 3 days	₱26,854	₱118,243	₱–
4 - 14 days	42,644	32,460	852
15 - 31 days	2,709	755,205	–
Over 31 days	980,129	27,013,803	501,300
	₱1,052,336	₱27,919,711	₱502,152

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 December 31, 2022 and 2021, receivables from customers amounting to ₱0.4 million and ₱0.7 million, respectively, are secured by collateral comprising of equity securities of listed companies with a total market value of ₱710.2 million and ₱42.6 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 2022, 2021 and 2020.

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 2022, 2021 and 2020.

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:

	2022				
	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.

	2021				
	On Demand	1 to 3 Months	>3 to 12 Months	>1 to 5 Years	Total
Trade payables	₱331,096,290	₱–	₱–	₱–	₱331,096,290
Lease liabilities	–	359,884	959,356	929,500	2,248,740
Other current liabilities*	–	6,492,533	–	–	6,492,533
	₱331,096,290	₱6,852,417	₱959,356	₱929,500	₱339,837,563

Excluding statutory liabilities amounting to ₱2.4 million as at December 31, 2021.

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:

	December 31, 2022					
	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**

	December 31, 2021			
	US Dollar	Philippine Peso	HK Dollar	Philippine Peso
Financial assets:				
Cash in banks	$6,360	₱322,944	$–	₱–
Receivables from other brokers	6,330,235	321,411,360	6,694,793	43,583,778
	$6,336,595	₱321,734,304	$6,694,793	₱43,583,778

For purposes of restating the outstanding balances of the Company's foreign currency-denominated monetary financial assets 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. As at December 31, 2021, the exchange rates applied were ₱50.99 and ₱6.51 per US$1 and HK$1, 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 2022 and 2021. 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
December 31, 2022	**+2.63**	**+0.33**	**+0.0001**	**₱13,397,467**	**₱1,882,118**	**₱729,162**
	-2.63	**-0.33**	**-0.0001**	**(13,397,467)**	**(1,882,118)**	**(729,162)**
December 31, 2021	+1.08	+0.13	–	₱6,823,089	₱870,380	–
	-1.08	-0.13	–	(6,823,089)	(870,380)	–

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

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

The table below sets forth the impact of changes in PSE index (PSEi) in the Company's unrealized gain or loss on fair value changes of its financial assets at FVPL:

	2022		2021		2020	
Changes in PSEi	**20.55%**	**(20.55%)**	18.63%	(18.63%)	14.59%	(14.59%)
Changes in trading income at equity portfolio under:						
Food, beverage, and tobacco	**₱166,098**	**(₱166,098)**	₱30	(₱30)	₱2,421,006	(₱2,421,006)
Banks	**85,033**	**(85,033)**	6	(6)	265,821	(265,821)
Holding firms	**70**	**(70)**	68	(68)	23,950	(23,950)
Property	**50**	**(50)**	83	(83)	11,925	(11,925)
Education	**3**	**(3)**	5	(5)	–	–
Mining	**–**	**–**	–	–	219,845	(219,845)
Transportation services	**–**	**–**	–	–	41,133	(41,133)
Information technology	**–**	**–**	–	–	11,213	(11,213)
Other financial institution	**–**	**–**	–	–	42	(42)
Others	**–**	**–**	–	–	13,415	(13,415)
	₱251,254	**(₱251,254)**	₱192	(₱192)	₱3,008,350	(₱3,008,350)

The sensitivity rate used for reporting equity price risk represents management's assessment of the reasonably possible change in equity pricing per PSEi. The sensitivity analysis includes the Company's stock portfolio with amounts adjusted by its specific beta for their valuation at the reporting date.

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, ₱550.0 million and ₱500.0 million as at December 31, 2022, 2021 and 2020, respectively.

Details of the Company's common shares at ₱0.10 par value per share as at December 31, 2022 and 2021 and ₱1.00 par value per share as at December 31, 2020 are as follows:

	2022		2021		2020	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Authorized Capital Stock						
Balance at beginning of year	**8,000,000,000**	**₱800,000,000**	800,000,000	₱800,000,000	200,000,000	₱200,000,000
Effect of stock split	–	–	7,200,000,000	–	–	–
Addition	–	–	–	–	600,000,000	600,000,000
Balance at end of year	**8,000,000,000**	**₱800,000,000**	8,000,000,000	₱800,000,000	800,000,000	₱800,000,000
Issued and Outstanding						
Balance at beginning of year	**5,500,000,000**	**₱550,000,000**	500,000,000	₱500,000,000	200,000,000	₱200,000,000
Addition	**1,375,000,000**	**137,500,000**	500,000,000	50,000,000	300,000,000	300,000,000
Effect of stock split	–	–	4,500,000,000	–	–	–
Balance at end of year	**6,875,000,000**	**₱687,500,000**	5,500,000,000	₱550,000,000	500,000,000	₱500,000,000

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 December 31, 2022 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.

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

The Company appropriated a reserve fund amounting to ₱2.0 million and ₱4.7 million in 2022 and 2021, respectively.

The total amount of appropriated retained earnings amounted to ₱6.7 million and ₱4.7 million as at December 31, 2022 and 2021, respectively.

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

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

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:

	2022	2021	2020
NLC:			
Equity eligible for NLC	**₱1,991,535,273**	₱580,760,857	₱504,982,184
Less ineligible assets	**44,387,021**	44,170,660	37,801,236
	1,947,148,252	536,590,197	467,180,948
Required NLC:			
Higher of:			
5% of AI	**9,228,362**	10,875,773	9,869,863
Minimum amount	**5,000,000**	5,000,000	5,000,000
	9,228,362	10,875,773	9,869,863
Net risk-based capital excess	**₱1,937,919,890**	₱525,714,424	₱457,311,085

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%, 41% and 42% as at December 31, 2022, 2021 and 2020, 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.

	2022	2021	2020
NLC	**₱1,947,148,252**	₱536,590,197	₱467,180,948
TRCR:			
Operational risk	**24,792,836**	20,232,681	15,640,329
Credit risk	**44,704,226**	–	2,077,420
Position risk	**64,067,115**	1,976,552	2,014,495
Total risk capital requirement	**₱133,564,177**	₱22,209,233	₱19,732,244
RBCA ratio	**1,458%**	2,416%	2,368%

As at December 31, 2022, 2021 and 2020, 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:

	2022	2021	2020
Capital stock	**₱687,500,000**	₱550,000,000	₱500,000,000
Beginning retained earnings (deficit)	**33,780,545**	15,249,292	(27,445,895)
Core equity	**721,280,545**	565,249,292	472,554,105
ORR	**24,792,836**	20,232,681	15,640,329
Ratio of Core Equity to ORR	**2,909%**	2,794%	3,021%

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:

		2022			
			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**

		2021			
			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	₱2,061	₱2,061	₱–	₱–
Assets for which fair value is disclosed:					
Investment property	13	10,285,195	–	–	35,830,800
Investment in government securities measured at amortized cost	9	50,000,000	49,027,064	–	–
		₱60,287,256	₱49,029,125	₱–	₱35,830,800

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 December 31, 2022 and 2021 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 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 2022 and 2021.

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:

	2022	2021
Financial assets at amortized cost:		
Cash and cash equivalents	**₱477,190,696**	₱444,299,376
Trade receivables	**389,117,645**	406,426,557
Interest receivables*	**7,300,442**	237,772
Receivables from employees*	**1,194,286**	438,546
Refundable deposits**	**11,062,124**	10,277,093
	₱885,865,193	₱861,679,344

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

	2022	2021
Other financial liabilities at amortized cost:		
Trade payables	**₱172,678,596**	₱331,096,290
Other current liabilities*	**13,467,983**	6,492,533
	₱186,146,579	₱337,588,823

**Excluding statutory liabilities aggregating to ₱4.4 million and ₱2.4 million as at December 31, 2022 and 2021, 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:

	2022	2021
Cash on hand and in banks	**₱175,501,374**	₱444,299,376
Short-term placements	**301,689,322**	–
	₱477,190,696	₱444,299,376

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 0.9% to 5.6% and 1.5% to 4.0% per annum in 2022 and 2020.

Interest income was derived from:

	Note	2022	2021	2020
Investments in government securities	9	**₱26,121,000**	₱1,750,000	₱1,550,272
Receivables from other brokers	8	**7,486,742**	115,307	524,052
Short-term placements		**4,656,506**	–	2,285,030
Cash in banks		**1,881,330**	1,152,855	2,928,725
		₱40,145,578	₱3,018,162	₱7,288,079

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 ₱458.5 million and ₱432.2 million as at December 31, 2022 and 2021, respectively. The Company's reserve requirement is determined weekly based on the SEC's prescribed computation. As at December 31, 2022 and 2021, the Company's reserve accounts are adequate to cover its reserve requirements.

7. Financial Assets at FVPL

This account consists of shares listed in the PSE measured amounting to ₱1.4 million and ₱2,061 as at December 31, 2022 and 2021, respectively.

The Company's financial assets at FVPL as at December 31, 2022 and 2021 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 ₱3.6 million, ₱2.6 million and ₱1.2 million in 2022, 2021 and 2020, respectively.

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

	2022	2021	2020
Realized fair value gains from:			
Global trading	**₱6,608,476**	₱40,709,268	₱89,122,950
Local trading	**26,113,577**	68,787,107	68,690,790
Unrealized losses on fair value changes on stocks held from local trading	**(255,110)**	(105,380)	(424)
	₱32,466,943	₱109,390,995	₱157,813,316

8. Trade Receivables

This account consists of:

	2022	2021
Receivables from:		
Other brokers	**₱349,458,248**	₱364,995,138
Clearing house	**39,242,017**	40,881,235
Customers	**784,026**	1,052,336
	389,484,291	406,928,709
Less allowance for credit losses	**366,646**	502,152
	₱389,117,645	₱406,426,557

Receivables from other brokers pertain to the funds deposited with other brokers as at December 31, 2022 and 2021 in order for the Company to trade in other foreign markets. Interest income earned from receivables from other brokers amounted to ₱7.5 million, ₱0.1 million and ₱0.5 million in 2022, 2021 and 2020, respectively (see Note 6).

Receivables from clearing house are due and collectible after three business days from the transaction date. Accordingly, balances as at December 31, 2022 and 2021, were fully collected in January 2023 and 2022, respectively.

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

	2022		2021	
	Money Balances	Security Valuation - Long	Money Balances	Security Valuation - Long
Cash and fully secured accounts:				
More than 250%	**₱418,484**	**₱710,156,980**	₱481,884	₱42,458,796
Between 200% and 250%	**–**	**–**	–	–
Between 150% and 200%	**–**	**–**	–	–
Between 100% and 150%	**–**	**–**	2,610	2,980
Partially secured accounts	**6,797**	**1,528**	248,650	103,407
Unsecured accounts	**358,745**	**–**	319,192	–
	784,026	**710,158,508**	1,052,336	42,565,183
Less allowance for credit losses	**366,646**	**–**	502,152	–
	₱417,380	**₱710,158,508**	₱550,184	₱42,565,183

Collaterals related to receivables from customers pertain to listed equity securities amounting to ₱710.2 million and ₱42.6 million as at December 31, 2022 and 2021, 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:

	2022	**2021**
Balance at beginning of year	**₱502,152**	₱288,685
Provision for (reversal of) credit losses	**(135,506)**	213,467
Balance at end of year on trade receivables	**₱366,646**	₱502,152

Reversal of credit losses on trade receivables in 2020 amounted to ₱43,030.

9. **Investments in Government Securities**

The balances and movements of this account as at and for the year ended December 31, 2022 are as follows:

	Financial Assets at		
	Amortized Cost	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

Investments in government securities classified as financial asset at amortized cost amounted to ₱50.0 million as at December 31, 2021.

Cumulative unrealized losses on changes in fair value of financial assets at FVOCI amounted to ₱14.0 million, net of related deferred tax amounting to ₱4.7 million as at December 31, 2022 (see Note 21).

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

	2022	2021
Current	**₱50,000,000**	₱–
Noncurrent	**1,225,214,902**	50,000,000
	₱1,275,214,902	₱50,000,000

The interest rates of financial assets at amortized cost ranges from 4.38% to 7.50% per annum in 2022 and 4.38% in 2021 and 2020.

The interest rates of financial assets at FVOCI ranges from 6.25% to 7.25% per annum in 2022.

Interest income on investments in government securities consists of:

	Note	2022	2021	2020
Financial assets at amortized cost		**₱9,773,504**	₱1,750,000	₱1,550,272
Financial assets at FVOCI		**16,347,496**	–	–
	6	**₱26,121,000**	₱1,750,000	₱1,550,272

10. Other Current Assets

This account consists of:

	2022	2021
Excess tax credits	**₱7,671,973**	₱7,912,057
Interest receivables	**7,300,442**	237,772
Receivable from employees	**1,194,286**	438,546
Prepayments	**1,149,493**	1,175,617
Input VAT	**153,284**	–
Others	**474,352**	156,436
	₱17,943,830	₱9,920,428

Interest receivables which are related to short-term placements, 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:

	2022	2021
Software and licenses	**₱1,662,847**	₱2,061,165
Intangible assets under development	**988,800**	–
Exchange trading right	**475,000**	475,000
	₱3,126,647	₱2,536,165

Software and Licenses

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

	2022	2021
Cost		
Balance at beginning of year	₱4,140,327	₱3,724,434
Additions	–	415,893
Balance at end of year	4,140,327	4,140,327
Accumulated Amortization		
Balance at beginning of year	2,079,162	1,704,751
Amortization	398,318	374,411
Balance at end of year	2,477,480	2,079,162
Carrying Amount	₱1,662,847	₱ 2,061,165

Intangible Assets Under Development

This pertains to the upgrade of trader management system which the Company is currently developing and is expected to be used in the following year.

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 December 31, 2022 and 2021, the carrying amount of the exchange trading right is ₱0.5 million.

As at December 31, 2022 and 2021, the latest transacted price of the exchange trading right, as provided by the PSE, is ₱8.0 million and ₱8.5 million, respectively.

No impairment loss was recognized on intangible assets in 2022, 2021 and 2020.

Details of depreciation and amortization are:

	Note	2022	2021	2020
Intangible assets		₱398,318	₱374,411	₱349,176
Property and equipment	12	3,247,377	3,398,076	7,129,610
Investment property	13	642,823	642,823	642,823
		₱4,288,518	₱4,415,310	₱8,121,609

12. Property and Equipment

The balances and movements of this account are as follows:

		2022			
	Note	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

		2021			
	Note	Office Condominium Units and Improvements	Leasehold Improvements	Furniture, Fixtures, and Office Equipment	Total
Cost					
Balances at beginning of year		₱19,682,472	₱4,995,930	₱22,244,358	₱46,922,760
Additions		2,217,803	14,249	356,737	2,588,789
Derecognition		–	–	(747,321)	(747,321)
Balances at end of year		21,900,275	5,010,179	21,853,774	48,764,228
Accumulated Depreciation and Amortization					
Balances at beginning of year		11,988,955	1,641,069	21,347,553	34,977,577
Depreciation and amortization	11	2,299,221	506,285	592,570	3,398,076
Derecognition		–	–	(747,321)	(747,321)
Balances at end of year		14,288,176	2,147,354	21,192,802	37,628,332
Carrying Amounts		₱7,612,099	₱2,862,825	₱660,972	₱11,135,896

Additions to ROU assets (included as part of "Office condominium units and improvements" in property and equipment) amounting to ₱0.9 million and ₱2.2 million in 2022 and 2021, respectively, are considered as noncash financial information in the statements of cash flows (see Note 20).

Fully-depreciated property and equipment were sold for ₱52,625 in 2020. Gain on sale of property and equipment is included under "Other income" account in the statements of comprehensive income.

As at December 31, 2022 and 2021, cost of fully-depreciated assets still in use amounted to ₱28.5 million and ₱27.8 million, respectively.

Effective June 2020, the Company cancelled two (2) of its existing lease contracts. Accordingly, the related ROU assets (included as part of "Office condominium units and improvements" in property and equipment) and lease liabilities were written off in 2020 (see Note 20). This resulted to the recognition of gain on cancellation of leases included under "Other income" account in the statements of comprehensive income as follows:

Carrying amount of ROU assets	₱8,377,752
Carrying amount of lease liabilities	(9,140,219)
Gain on cancellation of leases	₱762,467

This is considered as noncash financial information in the statements of cash flows.

13. Investment Property

The balances and movements of this account are as follows:

	Note	2022	2021
Cost			
Balances at beginning and end of year		**₱12,856,487**	₱12,856,487
Accumulated Depreciation			
Balances at beginning of year		**2,571,292**	1,928,469
Depreciation	11	**642,823**	642,823
Balances at end of year		**3,214,115**	2,571,292
Carrying Amount		**₱9,642,372**	₱10,285,195

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 to its investment property in 2022, 2021 and 2020.

Direct costs incurred related to its investment property, which pertain to real property tax, amounted to ₱25,612, ₱29,013 and ₱0.1 million in 2022, 2021 and 2020, respectively.

The fair value of investment property amounted to ₱28.2 million and ₱35.8 million as at December 31, 2022 and 2021. 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 December 31, 2022 and 2021, the investment property is not pledged as collateral.

14. **Other Noncurrent Assets**

This account consists of:

	Note	**2022**	2021
Refundable deposits from:			
Clearing and Trade Guarantee Fund (CTGF) contributions		**₱10,978,899**	₱10,193,868
Rental	20	**83,225**	83,225
Others		**327,195**	253,655
		₱11,389,319	₱10,530,748

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:

	2022		2021	
	Money Balance	**Security Valuation - Long**	Money Balance	Security Valuation - Long
Payable to customers:				
With money balance	**₱171,347,569**	**₱4,943,180,167**	₱329,083,693	₱8,102,165,172
Without money balance	**–**	**3,371,763,034**	–	2,307,878,577
	171,347,569	**8,314,943,201**	329,083,693	10,410,043,749
Dividends payable to customers	**1,331,027**	**–**	1,331,028	–
Others	**–**	**–**	681,569	–
	₱172,678,596	**₱8,314,943,201**	₱331,096,290	₱10,410,043,749

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:

	2022	2021
Due to the BIR	**₱4,100,626**	₱2,186,306
Accruals for:		
Commissions	**10,383,053**	4,436,579
Professional fees	**1,200,978**	416,978
Others	**453,712**	411,765
Accounts payable	**1,017,912**	887,318
Trading fee payable	**412,328**	339,893
Social Security System, Pag-IBIG, and PhilHealth payable	**292,544**	244,076
	₱17,861,153	₱8,922,915

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 2022	Amount of Transactions 2021	Outstanding Balance 2022	Outstanding Balance 2021	Terms and Conditions
Trade Receivables						
Affiliate with common officers and stockholders	Commission expense	₱3,904,860	₱5,301,168	₱45,028,300	₱43,583,778	Noninterest-bearing, secured and generally collected in cash within one (1) year
Trade Payables						
Affiliate with common officers and stockholders	Commission income	₱1,997,691	₱1,805,721	₱921,273	₱115,736,798	3-day; noninterest-bearing; secured; no guarantee; settled in cash
Key management personnel	Commission income	64,912	126,458	29,516,274	28,715,757	
				₱30,437,547	₱144,452,555	
Other Current Liabilities						
Affiliate with common officers and stockholders	Purchase of goods	₱21,600	₱–	₱–	₱–	Noninterest-bearing, unsecured; settled in cash within one (1) year
Personnel Costs						
Key management personnel	Short-term employee benefits	₱6,765,000	₱6,653,182	₱–	₱–	Noninterest-bearing, unsecured and payable within the month of incurrence
	Directors' fees	75,000	25,000	–	–	
	Retirement benefits	296,447	347,120	3,239,408	3,505,956	Noninterest-bearing, unsecured and payable upon retirement

Revenue Regulations No. 34-2020 of the BIR

In 2022 and 2021, the Company did not meet the criteria prescribed in RR No. 34-2020 to file and submit the Related Party Transaction Form or the BIR Form 1709 together with the Annual Income Tax Return. Accordingly, the Company is not also required to prepare and submit a transfer pricing documentation as prescribed in the said regulation.

18. Personnel Costs

This account consists of:

	Note	2022	2021	2020
Salaries and wages		**₱35,103,170**	₱34,990,108	₱28,982,533
Retirement expense	19	**2,248,659**	2,509,133	2,018,138
Other benefits		**6,582,290**	5,063,936	3,216,523
		₱43,934,119	₱42,563,177	₱34,217,194

Personnel costs were distributed as follows:

	2022	2021	2020
Cost of services	**₱29,179,822**	₱28,037,830	₱22,539,339
Operating expenses	**14,754,297**	14,525,347	11,677,855
	₱43,934,119	₱42,563,177	₱34,217,194

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 the minimum mandated benefit under RA No. 7641, *The Retirement Pay Law*. There were no termination, curtailment, or settlement in 2022 and 2021. The latest actuarial valuation report of the Company is dated February 15, 2023.

The components of retirement benefit costs included under "Personnel costs" and "Interest expense" accounts in the statements of comprehensive income are as follows:

	Note	2022	2021	2020
Current service cost	18	**₱2,248,659**	₱2,509,133	₱2,018,138
Net interest cost		**1,026,489**	905,992	853,518
		₱3,275,148	₱3,415,125	₱2,871,656

The components of net retirement benefit liability recognized in the statements of financial position are as follows:

	2022	2021
Balance at beginning of year	**₱19,740,174**	₱22,097,367
Current service cost	**2,248,659**	2,509,133
Net interest cost	**1,026,489**	905,992
Remeasurement gain recognized in OCI	**(4,775,938)**	(5,772,318)
Balance at end of year	**₱18,239,384**	₱19,740,174

The funded status and amounts recognized in the statements of financial position for the net retirement benefit liability are as follows:

	2022	2021
Present value of retirement benefit liability	**₱19,816,199**	₱21,406,253
Fair value of plan assets	**(1,576,815)**	(1,666,079)
	₱18,239,384	₱19,740,174

The changes in the present value of the retirement benefit liability are as follows:

	2022	2021
Balance at beginning of year	**₱21,406,253**	₱24,738,246
Current service cost	**2,248,659**	2,509,133
Interest cost	**1,113,125**	1,014,268
Benefits paid	**–**	(965,355)
Remeasurement loss (gain) recognized in OCI:		
Experience adjustments	**1,369,333**	(324,241)
Change in financial assumptions	**(6,321,171)**	(5,565,798)
Balance at end of year	**₱19,816,199**	₱21,406,253

The changes in the fair value of the plan assets are as follows:

	2022	2021
Balance at beginning of year	**₱1,666,079**	₱2,640,879
Remeasurement loss recognized in OCI	**(175,900)**	(117,721)
Interest income	**86,636**	108,276
Benefits paid	**–**	(965,355)
Balance at end of year	**₱1,576,815**	₱1,666,079
Actual return on plan assets	**(₱89,264)**	(₱9,445)

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

	2022	2021
Debt securities	**99.18%**	99.14%
Cash in bank	**0.14%**	0.86%
Others	**0.68%**	–
	100.00%	100.00%

The principal assumptions used in determining retirement benefit liability are as follows:

	2022	2021
Discount rate	**7.30%**	5.20%
Future salary increase	**5.00%**	5.00%

Sensitivity analysis on retirement benefit liability as at December 31, 2022 is as follows:

	Change in Assumption	Effect on Retirement Benefit Liability 2022	2021
Discount rate	+1.00%	**(₱2,248,865)**	(₱2,683,190)
	-1.00%	**2,698,986**	3,265,308
Salary increase rate	+1.00%	**2,584,147**	3,094,707
	-1.00%	**(2,189,027)**	(2,594,755)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring as at the end of the reporting period.

The cumulative remeasurement gains (losses) on retirement benefits recognized in the statements of financial position are as follows:

	2022		
	Cumulative Remeasurement Gains	**Deferred Tax Expense**	**Net**
Balances at beginning of year	**₱3,210,084**	**(₱802,522)**	**₱2,407,562**
Remeasurement gain	**4,775,938**	**(1,193,985)**	**3,581,953**
Balances at end of year	**₱7,986,022**	**(₱1,996,507)**	**₱5,989,515**

	2021		
	Cumulative Remeasurement Gains (Losses)	Deferred Tax Benefit (Expense)	Net
Balances at beginning of year	(₱2,562,234)	₱768,669	(₱1,793,565)
Remeasurement gain	5,772,318	(1,443,079)	4,329,239
Effect of change in tax rates	–	(128,112)	(128,112)
Balances at end of year	₱3,210,084	(₱802,522)	₱2,407,562

	2020		
	Cumulative Remeasurement Gains (Losses)	Deferred Tax Benefit (Expense)	Net
Balances at beginning of year	₱857,583	(₱257,276)	₱600,307
Remeasurement loss	(3,419,817)	1,025,945	(2,393,872)
Balances at end of year	(₱2,562,234)	₱768,669	(₱1,793,565)

As at December 31, 2022, the maturity analysis of the undiscounted retirement benefit liability is as follows:

Year	Amount
More than one year to five years	₱6,742,418
More than five years to 10 years	12,866,807
More than 10 years to 15 years	9,601,943
More than 15 years	162,675,919
	₱191,887,087

As at December 31, 2022 and 2021, the average duration of the net retirement benefit liability at the end of the reporting period is 33.8 years and 33.5 years, respectively.

Interest expenses were derived from:

	Note	2022	2021	2020
Net retirement liability		**₱1,026,489**	₱905,992	₱853,518
Lease liabilities	20	**54,611**	34,238	561,240
		₱1,081,100	₱940,230	₱1,414,758

20. Leases

The Company, as lessee, has lease agreements for its office spaces with lease terms ranging from two (2) to three (3) years and one (1) to two (2) years as at December 31, 2022, and 2021, respectively. The leases are renewable upon mutual agreement of the parties. Refundable deposits on these lease agreements amounted to ₱0.1 million as at December 31, 2022 and 2021, respectively (see Note 14).

The Company has written off ROU assets and lease liabilities related to the cancellation of certain lease contracts in 2020 (see Note 12). This is considered as a noncash financial information in the statements of cash flows.

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

	Note	2022	2021
Cost			
Balance at beginning of year		**₱5,214,257**	₱3,024,453
Additions	12	**862,219**	2,189,804
Balance at end of year		**6,076,476**	5,214,257
Accumulated Depreciation			
Balance at beginning of year		**3,017,931**	1,655,980
Depreciation		**1,379,709**	1,361,951
Balance at end of year		**4,397,640**	3,017,931
Carrying Amount		**₱1,678,836**	₱2,196,326

The balance and movements of lease liabilities are as follows:

	Note	2022	2021
Balance at beginning of year		**₱2,208,628**	₱1,414,475
Additions		**862,219**	2,189,804
Interest expense	19	**54,611**	34,238
Lease payments		**(1,429,926)**	(1,429,889)
Balance at end of year		**₱1,695,532**	₱2,208,628

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

	2022	2021
Current	**₱1,187,974**	₱1,287,355
Noncurrent	**507,558**	921,273
	₱1,695,532	₱2,208,628

The Company recognized the following lease-related expenses:

	Note	2022	2021	2020
Depreciation		**₱1,379,709**	₱1,361,951	₱3,453,097
Interest expense on lease liabilities	19	**54,611**	34,238	561,240
		₱1,434,320	₱1,396,189	₱4,014,337

Future minimum lease commitments under non-cancellable leases as at December 31, 2022 are as follows:

Within one (1) year	₱1,228,400
After one (1) year but no more than three (3) years	529,935
	₱1,758,335

21. Income Taxes

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

	2022	2021	2020
Reported in Profit or Loss			
Current tax expense:			
MCIT	**₱265,860**	₱–	₱–
RCIT	**–**	485,389	4,722,890
	265,860	485,389	4,722,890
Less applied excess MCIT over RCIT	**–**	–	(1,282,662)
	265,860	485,389	3,440,228
Deferred tax expense	**957,930**	5,676,229	5,668,626
	₱1,223,790	₱6,161,618	₱9,108,854
Reported in OCI			
Deferred tax expense (benefit) on:			
Remeasurement gains (losses) on net retirement benefit liability	**₱1,193,985**	₱1,571,191	(₱1,025,945)
Cumulative unrealized losses on changes in fair value of financial assets at FVOCI	**(4,671,502)**	–	–
	(₱3,477,517)	₱1,571,191	(₱1,025,945)

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

	2022	2021
Deferred tax assets:		
Unrealized loss on changes in fair value of debt securities at FVOCI	**₱4,671,502**	₱–
Net retirement benefit liability	**4,559,846**	4,935,044
NOLCO	**4,044,810**	–
Lease liabilities	**423,883**	552,157
Excess MCIT over RCIT	**265,860**	–
Excess of cost over fair value of financial asset at FVPL	**95,973**	32,196
Allowance for credit losses	**91,662**	125,538
	14,153,536	5,644,935
Deferred tax liabilities:		
Unrealized foreign exchange gain	**8,059,031**	1,942,765
ROU asset	**419,709**	549,082
Others	**135,521**	133,400
	8,614,261	2,625,247
	₱5,539,275	₱3,019,688

In 2022, the Company incurred NOLCO and excess MCIT over RCIT amounting to ₱16.2 million and ₱0.3 million, respectively, which will expire in 2025.

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

	2022	2021	2020
Income tax expense at statutory tax rates	**₱13,365,229**	₱6,576,622	₱16,801,212
Tax effects of:			
Interest income already subjected to final tax	**(8,164,709)**	(725,714)	(2,029,208)
Stock issuance costs	**(3,485,781)**	(403,404)	(1,260,000)
Dividend income exempt from tax	**(684,354)**	(585,713)	(314,225)
Nondeductible expenses	**193,405**	110,329	–
Change in derecognized DTA on NOLCO and excess MCIT over RCIT	**–**	–	(4,088,925)
Effect of change in tax rate in deferred tax	**–**	1,583,073	–
Effect of change in tax rate in current tax	**–**	(393,575)	–
Income tax at effective tax rates	**₱1,223,790**	₱6,161,618	₱9,108,854

On March 26, 2021, RA No. 11534 or the Corporate Recovery and Tax Incentive for Enterprises (CREATE) Act was signed into law by the President of the Philippines. Under the CREATE law, the Company's RCIT is 25% instead of 30% income tax rate. In addition, MCIT is subjected to 1% instead of 2% of gross income for a period of three (3) years. The changes in the income tax rates became effective beginning July 1, 2020.

The income tax rates used, however, in preparing the financial statements as at and for the year ended December 31, 2020 are still 30% and 2% for RCIT and MCIT, respectively. For tax purposes, the change in rates under the CREATE law was applied effective July 1, 2020. The effect of the reduction of tax rates were applied in the 2021 tax expense, as required by PAS 12, *Income Taxes*.

22. Earnings per Share

Basic and diluted EPS are computed as follows:

	2022	2021	2020
Net income attributable to common stockholders	**₱52,237,125**	₱20,144,870	₱46,895,187
Divided by weighted average number of outstanding common shares	**6,473,958,333**	5,229,167,083	4,750,000,000
Per share amounts: Basic and diluted EPS	**₱0.0081**	₱0.0039	₱0.0099

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:

	December 31, 2022		
	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
INCOME TAX EXPENSE (BENEFIT)	(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

	December 31, 2021		
	Local Trading	Global Trading	Total
REVENUES			
Trading gains on financial assets at FVPL - net	₱68,681,727	₱40,709,268	₱109,390,995
Commissions	15,593,189	–	15,593,189
Interests	2,902,855	115,307	3,018,162
Dividends	2,342,852	247,903	2,590,755
	89,520,623	41,072,478	130,593,101
COST OF SERVICES			
Commissions	27,006,853	20,405,902	47,412,755
Personnel costs	14,018,915	14,018,915	28,037,830
Transaction costs	2,196,342	8,786,219	10,982,561
Stock exchange dues and fees	1,833,798	–	1,833,798
Central depository fees	1,031,627	–	1,031,627
Communications	851,271	–	851,271
Research	–	2,258,628	2,258,628
	46,938,806	45,469,664	92,408,470

(Forward)

	December 31, 2021		
	Local Trading	Global Trading	Total
GROSS PROFIT (LOSS)	₱42,581,817	(₱4,397,186)	₱38,184,631
OPERATING EXPENSES	(27,351,294)	(4,800,515)	(32,151,809)
OTHER INCOME			
Foreign exchange gains	17,352	20,256,314	20,273,666
INCOME BEFORE INCOME TAX	15,247,875	11,058,613	26,306,488
INCOME TAX EXPENSE	3,092,501	3,069,117	6,161,618
NET INCOME	₱12,155,374	₱7,989,496	₱20,144,870
SEGMENT ASSETS	₱583,160,976	₱364,995,138	₱948,156,114
SEGMENT LIABILITIES	₱361,968,007	₱–	₱361,968,007
CAPITAL EXPENDITURES -			
Fixed assets	₱814,878	₱–	₱814,878
CASH FLOWS ARISING FROM:			
Operating activities	₱18,733,090	(₱43,614,354)	(₱24,881,264)
Investing activities	(814,878)	–	(814,878)
Financing activities	46,956,494	–	46,956,494

	December 31, 2020		
	Local Trading	Global Trading	Total
REVENUES			
Trading gains on financial assets at FVP - net	₱68,690,366	₱89,122,950	₱157,813,316
Commissions	5,958,726	–	5,958,726
Interests	6,764,027	524,052	7,288,079
Dividends	1,047,418	153,667	1,201,085
	82,460,537	89,800,669	172,261,206
COST OF SERVICES			
Commissions	15,829,485	10,350,970	26,180,455
Personnel costs	11,269,669	11,269,670	22,539,339
Communication	1,170,872	–	1,170,872
Transaction costs	1,140,945	16,694,839	17,835,784
Stock exchange dues and fees	872,653	–	872,653
Central depository fees	620,772	–	620,772
Research	–	2,500,607	2,500,607
	30,904,396	40,816,086	71,720,482
GROSS PROFIT	51,556,141	48,984,583	100,540,724
OPERATING EXPENSES	(27,215,443)	(3,501,402)	(30,716,845)
OTHER INCOME (CHARGES)			
Foreign exchange losses	(17,639)	(14,617,291)	(14,634,930)
Other income	815,092	–	815,092
INCOME BEFORE INCOME TAX	25,138,151	30,865,890	56,004,041
INCOME TAX EXPENSE	4,088,630	5,020,224	9,108,854
NET INCOME	₱21,049,521	₱25,845,666	₱46,895,187
SEGMENT ASSETS	₱534,266,038	₱308,346,990	₱842,613,028
SEGMENT LIABILITIES	₱329,157,301	₱–	₱329,157,301
CAPITAL EXPENDITURES -			
Fixed assets	₱216,608	₱–	₱216,608
CASH FLOWS ARISING FROM:			
Operating activities	₱49,376,497	(₱37,456,050)	₱11,920,447
Investing activities	(50,163,983)	–	(50,163,983)
Financing activities	(7,945,242)	–	(7,945,242)

24. Supplementary Information Required under RR No. 15-2010 of the BIR

The information for 2022 required by the above regulation is presented below.

Output VAT

Output VAT declared by the Company for the year ended December 31, 2022 and the gross receipts subject to output VAT consist of:

	Gross Receipts	Output VAT
Subject to 12% VAT:		
Sale of financial assets at FVPL	₱53,588,180	₱6,430,582
Commissions	11,541,693	1,385,003
	₱65,129,873	₱7,815,585

Revenues presented in the statement of comprehensive income are in accordance with PFRS.

Input VAT

The movements in input VAT claimed by the Company against its output VAT for the year ended December 31, 2022 are as follows:

Balance at beginning of year	₱–
Add: Deferred input VAT on capital goods, beginning	₱10,522
Current year's domestic purchase/payments for:	
Domestic purchase of services	2,144,036
Domestic purchases of goods other than capital goods	46,288
Capital goods not exceeding ₱1.0 million	26,911
Allowable input VAT	₱2,227,757

The Company paid output VAT aggregating ₱5.8 million in 2022. The movements of the net input VAT for the year ended December 31, 2022 are as follows:

Net output VAT at beginning of year	(₱31,334)
Output VAT	(7,815,585)
Allowable input VAT	2,227,757
Output VAT payments	5,772,446
Net input VAT at end of year	₱153,284

The net input VAT is classified under "Other current assets" account in the statement of financial position.

Documentary Stamp Tax (DST)

DST paid relating to insurance premiums, renewal of licenses and issuance of capital stock for the year ended December 31, 2022 totaled ₱1.4 million.

All Other Local and National Taxes

The Company's local and national taxes for the year ended December 31, 2022 consist of:

License and permit fees	₱1,141,616
Real property taxes	175,297
	₱1,316,913

The above local and national taxes are classified under "Taxes and licenses" account in the statement of comprehensive income.

Withholding Taxes

Withholding taxes paid by the Company for the year ended December 31, 2022 consist of:

Withholding tax on compensation and benefits	₱7,802,197
Expanded withholding taxes	1,048,818
Final withholding taxes	7,379
	₱8,858,394

Tax Assessments

The Company has no pending deficiency tax assessment from the BIR as at December 31, 2022.

Tax Cases

The Company has no outstanding tax cases as at and for the ended December 31, 2022.

REYES TACANDONG & CO.
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BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
CTS Global Equity Group, Inc.
Doing business under the names and styles of
CTS Global, CTS Global Equities, CTS Global Securities,
CTS Securities, and Citisecurities
27/F East Tower, Tektite Towers, Exchange Road
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of CTS Global Equity Group, Inc. doing business under the names and styles of CTS Global, CTS Global Equities, CTS Global Securities, CTS Securities, and Citisecurities (the Company) as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, and have issued our opinion thereon dated March 27, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules are the responsibility of the Company's management. These supplementary schedules include the following:

- Statement of Changes in Liabilities Subordinated to Claims of General Creditors;
- Computation of Risk-Based Capital Adequacy Worksheet Pursuant to SEC Memorandum Circular No. 16;
- Information Relating to the Possession or Control Requirements of SRC Rule 49.2;
- Computation for Determination of Reserve Requirements under SRC Rule 49.2;
- A Report Describing Any Material Inadequacies Found to Exist or Found to Have Existed Since the Date of the Previous Audit;
- Results of Year-end Securities Count Conducted Pursuant to SRC Rule 52.1-10, as Amended;
- Reconciliation of Retained Earnings Available for Dividend Declaration under the Revised SRC Rule 68;
- Financial Soundness Indicators under the Revised SRC Rule 68; and
- Additional supplementary schedules under Annex 68-J of the Revised SRC Rule 68.

The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, and no material exceptions were noted.

The foregoing supplementary schedules are presented for purposes of complying with the Revised Securities Regulations Code Rule 68 issued by the SEC and are not part of the basic financial statements prepared in accordance with PFRS. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 27455-SEC Group A
Issued January 28, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-005-2022
Valid until October 16, 2025
PTR No. 9564558
Issued January 3, 2023, Makati City

March 27, 2023
Makati City, Metro Manila

SCHEDULE I

CTS GLOBAL EQUITY GROUP, INC.
STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

DECEMBER 31, 2022

The Company has no subordinated liability.

SCHEDULE II

CTS GLOBAL EQUITY GROUP, INC.
COMPUTATION OF RISK-BASED CAPITAL ADEQUACY WORKSHEET PURSUANT TO SEC MEMORANDUM CIRCULAR NO. 16

DECEMBER 31, 2022

Assets	₱2,199,524,223
Liabilities	210,474,665
Equity per books	1,989,049,558
Adjustments to Equity per books	
Add (Deduct):	
Allowance for Market Decline	–
Subordinated Liability	–
Unrealized Gain / (Loss) in Proprietary Accounts	–
Deferred Income Tax	(5,539,275)
Revaluation Reserves	8,024,990
Deposit for Future Stock Subscription	–
Minority Interest	–
Total Adjustments to Equity per books	2,485,715
Equity Eligible For Net Liquid Capital	1,991,535,273
Contingencies and Guarantees	
Deduct: Contingent Liability	–
Guarantees or Indemnities	–
Ineligible Assets	
a. Trading Right and all Other Intangible Assets (net)	3,126,647
b. Intercompany Receivables	–
c. Fixed Assets (net of accumulated and excluding those used as collateral)	18,626,284
d. All Other Current Assets	10,643,388
e. Securities Not Readily Marketable	–
f. Negative Exposure (SCCP)	601,383
g. Notes Receivable (non-trade related)	–
h. Interest and Dividends Receivables outstanding for more than 30 days	–
i. Ineligible Insurance Claims	–
j. Ineligible Deposits	–
k. Short Security Differences	–
l. Long Security Differences not Resolved prior to Sale	–
m. Other Assets including Equity Investment in PSE	11,389,319
Total Ineligible Assets	44,387,021
Net Liquid Capital (NLC)	1,947,148,252
Less:	
Operating Risk Requirement	24,792,836
Position Risk Requirement	64,067,115
Counterparty Risk	–
Large Exposure Risk	
LERR to a Single Client	–
LERR to a Single Debt	44,704,226
LERR to a Single Issuer and Company of Companies	–
Total Risk Capital Requirement (TRCR)	133,564,177
Net RBCA Margin (NLC-TRCR)	1,813,584,075
Liabilities	210,474,665
Add: Deposit for Future Stock Subscription	
Less: Exclusions from Aggregate Indebtedness	
Subordinated Liability	
Loans and Secured Securities	
Loans Secured by Fixed Assets	
Others	25,907,426
Total Adjustments to AI	(25,907,426)
Aggregate Indebtedness	184,567,239
5% of Aggregate Indebtedness	9,228,362
Required Net Liquid Capital (> of 5% of AI or ₱5M)	9,228,362
Net Risk-Based Capital Excess / (Deficiency)	₱1,937,919,890
Ratio of AI to Net Liquid Capital	10%
RBCA Ratio (NLC/TRCR)	1,458%

SCHEDULE III

CTS GLOBAL EQUITY GROUP, INC.
INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER SRC RULE 49.2

DECEMBER 31, 2022

Customers' fully paid securities and excess margin securities not in the broker's or dealer's possession or control as at the report date (for which instructions to reduce to possession or control had been issued as at the report date but for which the required action was not taken by respondent within the time frame specified under SRC Rule 49.2):

Market valuation	NIL
Number of items	NIL

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

Market valuation	NIL
Number of items	NIL

SCHEDULE IV

CTS GLOBAL EQUITY GROUP, INC.
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER SRC RULE 49.2

DECEMBER 31, 2022

Particulars	Credits	Debits
1. Free credit balance and other credit balance in customers' security accounts.	₱146,267,566	
2. Monies borrowed collateralized by securities carried for the account of customers.	–	
3. Monies payable against customers' securities loaned.	–	
4. Customers' securities failed to receive.	–	
5. Credit balances in firm accounts which are attributable to principal sales to customer.	–	
6. Market value of stock dividends stock splits and similar distributions receivable outstanding of 30 calendar days old.	1,331,027	
7. Market value of the short security count differences over 30 calendar days old.	–	
8. Market value of short securities and credits (not to be offset by long or by debits) in all suspense accounts over 30 calendar days.	–	
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days.	–	
10. Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection.		₱17,202,055
11. Securities borrowed to effectuate short sales by customer and securities borrowed to make delivery on customers' securities failed to delivery.		–
12. Failed to deliver customers' securities not older than 30 calendar days.		–
13. Others due from clearing house		–
Total	₱147,598,593	₱17,202,055
Net Credit (Debit)	₱130,396,538	
Required Reserve (100% of net credit if making a weekly computation and 105% if monthly)	₱130,396,538	

SCHEDULE V

CTS GLOBAL EQUITY GROUP, INC.
A REPORT DESCRIBING ANY MATERIAL INADEQUACIES FOUND TO EXIST OR FOUND TO HAVE EXISTED SINCE THE DATE OF THE PREVIOUS AUDIT

DECEMBER 31, 2022

There were no matters involving the Company's internal structure and its operations that were considered to be material weaknesses.

SCHEDULE VI

CTS GLOBAL EQUITY GROUP, INC.
RESULTS OF YEAR-END SECURITIES COUNT
CONDUCTED PURSUANT TO SRC RULE 52.1-10, AS AMENDED

DECEMBER 31, 2022

There is no discrepancy in the results of the securities count conducted. Refer to page 76-80 for the results of year-end securities count conducted for the year ended December 31, 2022.

CTS GLOBAL EQUITY GROUP, INC.
RESULTS OF YEAR-END SECURITIES COUNT
CONDUCTED PURSUANT TO SRC RULE 52.1-10, AS AMENDED
DECEMBER 31, 2022

		Per Records		Per Count		Unlocated Difference	
CODE	NAME	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value
2GO	2GO GROUP, INC.	1,000	₱7,250	1,000	₱7,250	–	₱–
AAA	ASIA AMALGAMATED HOLDINGS CORPORATION	9,700	15,617	9,700	15,617	–	–
AB	ATOK BIG WEDGE CO., INC.	1,170	8,752	1,170	8,752	–	–
ABA	ABACORE CAPITAL HOLDINGS, INC.	1,180,497	2,455,434	1,180,497	2,455,434	–	–
ABG	ASIABEST GROUP INTERNATIONAL INC.	13,400	47,302	13,400	47,302	–	–
ABS	ABS-CBN CORPORATION	60,330	445,839	60,330	445,839	–	–
ABSP	ABS-CBN PHIL. DEPOSIT	14,700	110,691	14,700	110,691	–	–
AC	AYALA CORPORATION	21,068	14,642,260	21,068	14,642,260	–	–
ACE	ACESITE (PHILS.) HOTEL CORPORATION	748,698	988,281	748,698	988,281	–	–
ACEN	AC ENERGY CORPORATION	11,706,879	89,206,418	11,706,879	89,206,418	–	–
ACPB1	AYALA CORPORATION PREFERRED B1 SHARE	2,000	954,000	2,000	954,000	–	–
ACR	ALSONS CONSOLIDATED RES., INC.	20,723,000	16,163,940	20,723,000	16,163,940	–	–
AEV	ABOITIZ EQUITY VENTURES, INC.	528,920	30,518,684	528,920	30,518,684	–	–
AGI	ALLIANCE GLOBAL GROUP, INC.	2,386,600	28,400,540	2,386,600	28,400,540	–	–
ALCO	ARTHALAND CORPORATION	508,025	284,494	508,025	284,494	–	–
ALHI	ANCHOR LAND HOLDINGS, INC.	137,850	712,685	137,850	712,685	–	–
ALI	AYALA LAND, INC.	1,206,615	37,163,742	1,206,615	37,163,742	–	–
ALLDY	ALLDAY MARTS,INC.	17,447,000	3,925,575	17,447,000	3,925,575	–	–
ALLHC	AYALALAND LOGISTICS HOLDINGS CORP.	995,500	2,956,635	995,500	2,956,635	–	–
ANI	AGRINURTURE, INC.	87,900	623,211	87,900	623,211	–	–
ANS	A. SORIANO CORPORATION	1,620,265	14,647,196	1,620,265	14,647,196	–	–
AP	ABOITIZ POWER CORPORATION	459,873	15,658,676	459,873	15,658,676	–	–
APB2R	AYALA CORPORATION PREFERRED B2 SHARE	10,000	4,700,000	10,000	4,700,000	–	–
APC	APC GROUP, INC.	4,594,200	946,405	4,594,200	946,405	–	–
APL	APOLLO GLOBAL CAPITAL, INC.	90,694,500	2,992,919	90,694,500	2,992,919	–	–
APO	ANGLO PHILIPPINE HOLDINGS CORP	4,849,332	3,006,586	4,849,332	3,006,586	–	–
APVI	ALTUS PROPERTY VENTURES, INC.	2,803	35,038	2,803	35,038	–	–
APX	APEX MINING CO., INC.	73,067,332	135,174,564	73,067,332	135,174,564	–	–
AR	ABRA MINING & INDUSTRIAL CORP.	383,200,000	1,762,720	383,200,000	1,762,720	–	–
ARA	ARANETA PROPERTIES, INC.	1,162,245	1,185,490	1,162,245	1,185,490	–	–
AREIT	AREIT,INC.	1,126,000	39,860,400	1,126,000	39,860,400	–	–
ASLAG	RASLAG	71,000	117,860	71,000	117,860	–	–
AT	ATLAS CONSOLIDATED MINING AND DEVELOPMENT CORPORATION	4,136,224	15,055,855	4,136,224	15,055,855	–	–
ATI	ASIAN TERMINALS, INC.	192,499	2,648,786	192,499	2,648,786	–	–
ATN	ATN HOLDINGS, INC. A	4,298,000	1,525,790	4,298,000	1,525,790	–	–
ATNB	ATN HOLDINGS, INC. B	6,000	2,100	6,000	2,100	–	–
AUB	ASIA UNITED BANK CORPORATION	194,480	7,788,924	194,480	7,788,924	–	–
AXLM	AXELUM RESOURCES CORP	371,000	934,920	371,000	934,920	–	–
BC	BENGUET CORPORATION A	320,100	1,312,410	320,100	1,312,410	–	–
BCB	BENGUET CORPORATION B	2,529	10,597	2,529	10,597	–	–
BCP	BENGUET CORP. CONV. PREF. A	43	703	43	703	–	–
BDO	BDO UNIBANK, INC.	1,516,562	160,300,603	1,516,562	160,300,603	–	–
BEL	BELLE CORPORATION	61,663,564	75,229,548	61,663,564	75,229,548	–	–
BHI	BOULEVARD HOLDINGS, INC.	3,970,000	202,470	3,970,000	202,470	–	–
BKR	BRIGHT KINDLE RESOURCES & INVESTMENTS	727,740	1,091,610	727,740	1,091,610	–	–
BLOOM	BLOOMBERRY RESORTS CORPORATION	573,600	4,388,040	573,600	4,388,040	–	–
BMM	BOGO MEDELLIN MILLING COMPANY	5,425	203,709	5,425	203,709	–	–
BNCOM	BANK COMMERCE	28,000	220,920	28,000	220,920	–	–
BPI	BANK OF THE PHILIPPINE ISLANDS	106,893	10,903,086	106,893	10,903,086	–	–
BRN	A BROWN COMPANY, INC.	5,324,131	3,886,616	5,324,131	3,886,616	–	–
BSC	BASIC ENERGY CORPORATION	5,424,991	1,518,997	5,424,991	1,518,997	–	–
C	CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.	249,300	299,160	249,300	299,160	–	–
CA	CONCRETE AGGREGATES	2,000	60,400	2,000	60,400	–	–
CAT	CENTRAL AZUCARERA DE TARLAC	112,000	1,002,400	112,000	1,002,400	–	–
CDC	CITYLAND DEVELOPMENT CORP.	7,128	4,847	7,128	4,847	–	–

CODE	NAME	Per Records No. of Shares	Per Records Market Value	Per Count No. of Shares	Per Count Market Value	Unlocated Difference No. of Shares	Unlocated Difference Market Value
CEB	CEBU AIR, INC.	79,100	₱3,029,530	79,100	₱3,029,530	–	₱–
CEBCP	CEBU AIR, INC. CONVERTIBLE PREFERRED SH	42,179	1,623,892	42,179	1,623,892	–	–
CEI	CROWN EQUITIES, INC.	7,774,911	614,218	7,774,911	614,218	–	–
CEU	CENTRO ESCOLAR	3,600	23,400	3,600	23,400	–	–
CHI	CEBU HOLDINGS	1,099,575	6,729,399	1,099,575	6,729,399	–	–
CHIB	CHINA BANKING CORPORATION	5,034,112	138,186,374	5,034,112	138,186,374	–	–
CHP	CEMEX HOLDINGS PHILS.	1,864,537	1,137,368	1,864,537	1,137,368	–	–
CIP	CHEMICAL INDUSTRIES PHILS	2,290	240,450	2,290	240,450	–	–
CLI	CEBU LANDMASTERS, INC.	3,984,710	11,157,188	3,984,710	11,157,188	–	–
CNPF	CENTURY PACIFIC FOOD, INC.	40,100	1,034,580	40,100	1,034,580	–	–
CNVRG	CONVERGE INFORMATION & COMM	550,100	8,735,588	550,100	8,735,588	–	–
COAL	COAL ASIA HOLDINGS, INC.	700,000	140,000	700,000	140,000	–	–
COL	COL FINANCIAL GROUP, INC.	1,764,566,850	5,523,094,241	1,764,566,850	5,523,094,241	–	–
COSCO	COSCO CAPITAL, INC.	3,565,194	16,649,456	3,565,194	16,649,456	–	–
CPG	CENTURY PROP. GRP. INC.	287,175	110,562	287,175	110,562	–	–
CPM	CENTURY PEAK HOLDINGS CORP.	174,000	609,000	174,000	609,000	–	–
CREIT	CITICORE RT	2,834,000	6,489,860	2,834,000	6,489,860	–	–
CROWN	CROWN ASIA CHEMICALS	10,000	15,500	10,000	15,500	–	–
CTS	CTS GLOBAL	667,095,000	640,411,200	667,095,000	640,411,200	–	–
CYBR	CYBER BAY CORPORATION	3,630,550	1,198,082	3,630,550	1,198,082	–	–
DD	DOUBLEDRAGON PROPERTIES, CORP.	152,100	1,022,112	152,100	1,022,112	–	–
DDMPR	DDMP REIT INC	6,262,000	8,077,980	6,262,000	8,077,980	–	–
DDPR	DOUBLEDRAGON PREF.	2,000	196,000	2,000	196,000	–	–
DELM	DEL MONTE PACIFIC LIMITED	456,100	6,385,400	456,100	6,385,400	–	–
DFNN	DFNN INC.	2,000	7,180	2,000	7,180	–	–
DHI	DOMINION HLDG	446,955	1,412,378	446,955	1,412,378	–	–
DITO	DITO CME HOLDINGS CORPORATION	1,003,674	2,800,250	1,003,674	2,800,250	–	–
DIZ	DIZON MINES	286,412	1,145,648	286,412	1,145,648	–	–
DMC	DMCI HOLDINGS, INC.	2,422,530	29,070,360	2,422,530	29,070,360	–	–
DMW	D. M. WENCESLAO & ASSOC. INC.	229,500	1,537,650	229,500	1,537,650	–	–
DNL	D & L INDUSTRIES, INC.	11,420,600	90,222,740	11,420,600	90,222,740	–	–
DWC	DISCOVERY WORLD CORP.	2,146,100	2,940,157	2,146,100	2,940,157	–	–
EEI	EEI CORPORATION	2,337,692	6,545,538	2,337,692	6,545,538	–	–
EG	IP E-GAME VENTURES, INC.	6,000,000	56,400	6,000,000	56,400	–	–
EIBA	EXPORT AND INDUSTRY BANK	5,356,970	–	5,356,970	–	–	–
EIBB	EXPORT AND INDUSTRY BANK "B"	200,000	–	200,000	–	–	–
ELI	EMPIRE EAST HOLDINGS, INC.	15,975,829	3,003,456	15,975,829	3,003,456	–	–
EMI	EMPERADOR	238,900	4,921,340	238,900	4,921,340	–	–
ENEX	ENEX ENERGY	305,390	4,287,676	305,390	4,287,676	–	–
EVER	EVER GOTESCO HOLDINGS, INC.	525,000	133,875	525,000	133,875	–	–
EW	EAST WEST BANKING CORP.	270,589	1,804,829	270,589	1,804,829	–	–
FAF	FIRST ABACUS FINANCIAL HOLDING	172,000	123,840	172,000	123,840	–	–
FCG	FIGARO COFFEE	400,000	252,000	400,000	252,000	–	–
FDC	FILINVEST DEVELOPMENT CORP.	933,050	5,990,181	933,050	5,990,181	–	–
FERRO	FERRONOUX HOLDINGS INC	100,000	204,000	100,000	204,000	–	–
FEU	FAR EASTERN UNIVERSITY, INC.	292	154,906	292	154,906	–	–
FFI	FILIPINO FUND, INC.	65,574	243,280	65,574	243,280	–	–
FGEN	FIRST GEN CORPORATION	60,000	1,016,400	60,000	1,016,400	–	–
FILRT	FILINVEST REIT CORP	2,424,000	13,332,000	2,424,000	13,332,000	–	–
FLI	FILINVEST LAND, INC.	18,137,736	16,323,962	18,137,736	16,323,962	–	–
FNI	GLOBAL FERRONICKEL HOLDINGS INC	259,985	652,562	259,985	652,562	–	–
FOOD	ALLIANCE SELECT FOODS INTERNATIONAL, IN	603,197	331,758	603,197	331,758	–	–
FPH	FIRST PHIL. HOLDINGS CORP.	239,847	14,522,736	239,847	14,522,736	–	–
FPI	FORUM PACIFIC, INC.	6,454,260	1,336,032	6,454,260	1,336,032	–	–
FRUIT	FRUITAS HOLDINGS INC	77,000	86,240	77,000	86,240	–	–
FYN	FILSYN CORPORATION A	20,329	60,987	20,329	60,987	–	–
GEO	GEOGRACE RESOURCES PHILIPPINES	8,075,856	1,405,199	8,075,856	1,405,199	–	–
GERI	GLOBAL-ESTATE RESORTS, INC.	18,457,202	17,165,198	18,457,202	17,165,198	–	–
GLO	GLOBE TELECOMS, INC.	7,789	16,980,020	7,789	16,980,020	–	–
GMA7	GMA NETWORK, INC.	2,078,000	23,315,160	2,078,000	23,315,160	–	–
GMAP	GMA PHIL DEPOSITORY RECEIPTS	327,000	3,466,200	327,000	3,466,200	–	–
GO	GOTESCO LAND, INC. A	297,659	–	297,659	–	–	–
GOB	GOTESCO LAND, INC. B	71,360	–	71,360	–	–	–
GREEN	GREENERGY HOLDINGS INCORPORATED	157,998	230,677	157,998	230,677	–	–
GSMI	GINEBRA SAN MIGUEL INC.	58,300	6,121,500	58,300	6,121,500	–	–
GTCAP	GT CAPITAL HOLDINGS, INC.	14,490	6,303,150	14,490	6,303,150	–	–
GTPPA	GT CAPITAL HOLDINGS, INC. - SERIES A PERPE	10,000	9,630,000	10,000	9,630,000	–	–
HI	HOUSE OF INVESTMENTS, INC.	330,000	1,171,500	330,000	1,171,500	–	–

CODE	NAME	Per Records No. of Shares	Per Records Market Value	Per Count No. of Shares	Per Count Market Value	Unlocated Difference No. of Shares	Unlocated Difference Market Value
HLCM	HOLCIM PHILIPPINES, INC.	179,367	₱699,531	179,367	₱699,531	–	₱–
HOME	ALLHOME CORP	44,900	74,085	44,900	74,085	–	–
HTI	HAUS TALK	20,000	21,600	20,000	21,600	–	–
I	I-REMIT, INC.	193,356	143,083	193,356	143,083	–	–
ICT	INTERNATIONAL CONTAINER	571,049	114,209,800	571,049	114,209,800	–	–
IDC	ITALPINAS DEVELOPMENT CORPORATION	3,915	3,132	3,915	3,132	–	–
IMI	INTEGRATED MICRO-ELECTRONICS, INC.	8,394	40,879	8,394	40,879	–	–
IMP	IMPERIAL RESOURCES, INC.	585,800	626,806	585,800	626,806	–	–
INFRA	PHIL INFRADEV	97,000	89,240	97,000	89,240	–	–
ION	IONICS, INC.	884,226	495,167	884,226	495,167	–	–
IPM	IPM HOLDINGS INC	300,000	2,010,000	300,000	2,010,000	–	–
IPO	IPEOPLE, INC.	102,704	611,089	102,704	611,089	–	–
IS	ISLAND INFORMATION	6,103,000	878,832	6,103,000	878,832	–	–
JAS	JACKSTONES, INC	2,110,000	2,510,900	2,110,000	2,510,900	–	–
JFC	JOLLIBEE FOODS CORPORATION	91,908	21,138,840	91,908	21,138,840	–	–
JFCPA	JOLLIBEE FOODS CORP SERIES A PREFERRED	2,500	2,312,500	2,500	2,312,500	–	–
JFCPB	JOLLIBEE FOODS CORP SERIES B PREFERRED	9,600	8,798,400	9,600	8,798,400	–	–
JGS	JG SUMMIT HOLDINGS, INC.	499,465	25,123,090	499,465	25,123,090	–	–
KEEPR	THE KEEPERS HOLDING INC	17,589,195	22,338,278	17,589,195	22,338,278	–	–
KPH	KEPPEL PHILIPPINES	137,781	648,949	137,781	648,949	–	–
KPHB	KEPPEL PHILIPPINES	134,000	580,220	134,000	580,220	–	–
LC	LEPANTO CONSOLIDATED MINING COMPANY A	92,830,219	10,118,494	92,830,219	10,118,494	–	–
LCB	LEPANTO CONSOLIDATED MINING COMPANY B	7,877,791	842,924	7,877,791	842,924	–	–
LFM	LIBERTY FLOUR MILLS, INC.	1,014,440	19,761,291	1,014,440	19,761,291	–	–
LMG	LMG CHEMICALS CORPORATION	180,000	626,400	180,000	626,400	–	–
LODE	LODESTAR INVSMT HOLDINGS CORP.	544,000	299,200	544,000	299,200	–	–
LOTO	PACIFIC ONLINE SYSTEMS CORP.	30,475,600	50,284,740	30,475,600	50,284,740	–	–
LPC	LFM PROP	94,068,873	12,228,953	94,068,873	12,228,953	–	–
LPZ	LOPEZ HLDG	1,345,175	3,968,266	1,345,175	3,968,266	–	–
LR	LEISURE AND RES	2,005,675	4,833,677	2,005,675	4,833,677	–	–
LSC	LORENZO SHIPPNG	100,000	58,000	100,000	58,000	–	–
LTG	LT GROUP	623,097	5,732,492	623,097	5,732,492	–	–
MA	MANILA MINING A	485,492,488	4,660,728	485,492,488	4,660,728	–	–
MAB	MANILA MINING B	50,939,310	483,923	50,939,310	483,923	–	–
MAC	MACROASIA	1,439,328	7,052,707	1,439,328	7,052,707	–	–
MACAY	MACAY HLDG	701,890	3,516,469	701,890	3,516,469	–	–
MAH	METROALLIANCE A	24,000	15,840	24,000	15,840	–	–
MARC	MARCVENTURES	21,480	25,776	21,480	25,776	–	–
MAXS	MAXS GROUP	449,000	2,191,120	449,000	2,191,120	–	–
MB	MANILA BULLETIN	3,479,973	956,993	3,479,973	956,993	–	–
MBT	METROBANK	1,280,914	69,169,356	1,280,914	69,169,356	–	–
MC	#N/A	5,000,000	–	5,000,000	–	–	–
MEDIC	MEDILINES	63,000	44,100	63,000	44,100	–	–
MEG	MEGAWORLD	10,636,291	21,272,582	10,636,291	21,272,582	–	–
MER	MERALCO	244,521	73,062,875	244,521	73,062,875	–	–
MFC	MANULIFE	638	586,960	638	586,960	–	–
MG	MG HLDG	8,634,000	975,642	8,634,000	975,642	–	–
MGH	METRO GLOBAL	76,400	76,400	76,400	76,400	–	–
MHC	MABUHAY HLDG	3,098,000	700,148	3,098,000	700,148	–	–
MJC	MANILA JOCKEY	17,871,699	20,195,020	17,871,699	20,195,020	–	–
MJIC	MJC INVESTMENTS	3,400	3,740	3,400	3,740	–	–
MM	MERRYMART	57,000	68,970	57,000	68,970	–	–
MMC	MARCOPPER MINING CORP.	17	–	17	–	–	–
MONDE	MONDE NISSIN	253,800	2,812,104	253,800	2,812,104	–	–
MPI	METRO PAC INV	8,398,860	28,724,101	8,398,860	28,724,101	–	–
MRC	MRC ALLIED	6,720,000	1,310,400	6,720,000	1,310,400	–	–
MREIT	MREIT RT	1,376,800	19,936,064	1,376,800	19,936,064	–	–
MRSGI	METRO RETAIL	121,000	170,610	121,000	170,610	–	–
MWC	MANILA WATER	241,200	4,606,920	241,200	4,606,920	–	–
MWIDE	MEGAWIDE	88	274	88	274	–	–
NI	NIHAO	1,023,300	808,407	1,023,300	808,407	–	–
NIKL	NICKEL ASIA	7,585,071	44,296,815	7,585,071	44,296,815	–	–
NOW	NOW CORP	2,118,500	4,745,440	2,118,500	4,745,440	–	–
NRCP	NTL REINSURANCE	9,454,000	5,483,320	9,454,000	5,483,320	–	–
NXGEN	NEXTGENESIS	61,800	432,600	61,800	432,600	–	–
OM	OMICO CORP	1,202,497	396,824	1,202,497	396,824	–	–
OPM	ORNTL PETROL A	1,089,718,252	10,897,183	1,089,718,252	10,897,183	–	–
OPMB	ORNTL PETROL B	678,698,737	7,465,686	678,698,737	7,465,686	–	–

CODE	NAME	Per Records No. of Shares	Per Records Market Value	Per Count No. of Shares	Per Count Market Value	Unlocated Difference No. of Shares	Unlocated Difference Market Value
ORE	ORNTL PENINSULA	1,473,700	₱1,061,064	1,473,700	₱1,061,064	–	₱–
OV	PHILODRILL	553,778,585	5,427,030	553,778,585	5,427,030	–	–
PA	PACIFICA HOLDINGS INC	66,050	125,495	66,050	125,495	–	–
PAL	PAL HOLDINGS, INC.	69,828	411,985	69,828	411,985	–	–
PAX	PAXYS, INC.	10,829,000	16,351,790	10,829,000	16,351,790	–	–
PBB	PHILIPPINE BUSINESS BANK	68,610	699,822	68,610	699,822	–	–
PBC	PHIL. BANK OF COMMUNICATIONS	4,455	58,093	4,455	58,093	–	–
PCOR	PETRON CORPORATION	2,197,581	5,274,194	2,197,581	5,274,194	–	–
PCP	PICOP RESOURCES, INC.	1,520,420	311,686	1,520,420	311,686	–	–
PERC	PETROENERGY RESOURCES	2,975,631	14,283,029	2,975,631	14,283,029	–	–
PGOLD	PUREGOLD PRICE CLUB, INC.	63,800	2,226,620	63,800	2,226,620	–	–
PHA	PREMIERE HORIZON ALLIANCE CORPORATION	245,000	71,050	245,000	71,050	–	–
PHC	PHILCOMSAT HOLDINGS CORP.	10,000	14,000	10,000	14,000	–	–
PHN	PHINMA CORPORATION	2,645	50,414	2,645	50,414	–	–
PHR	PH RESORTS HOLDINGS, INC.	5,000	4,100	5,000	4,100	–	–
PIZZA	SHAKEYS PIZZA ASIA VENTURES INC	39,000	298,350	39,000	298,350	–	–
PLC	PREMIUM LEISURE CORP.	43,455,000	20,641,125	43,455,000	20,641,125	–	–
PMPC	PANASONIC MANUFACTURING	3,176	17,055	3,176	17,055	–	–
PMT	PRIMETOWN PROPERTY GROUP, INC.	155,600	–	155,600	–	–	–
PNB	PHILIPPINE NATIONAL BANK	145,050	2,755,950	145,050	2,755,950	–	–
PNC	PHIL. NATIONAL CONST. CORP.	5,153	25,250	5,153	25,250	–	–
PNX	PHOENIX PETROLEUM PHILIPPINES.	71,725	616,835	71,725	616,835	–	–
PNX3B	PHOENIX PETROLEUM PHILS INC SERIES 3B PR	20,000	1,306,000	20,000	1,306,000	–	–
PNX4	PHOENIX PETROLEUM PHILS INC SERIES 4 PR	600	224,400	600	224,400	–	–
PRC	PHIL. RACING CLUB, INC.	24,453	192,934	24,453	192,934	–	–
PRIM	PRIME MEDIA HOLDINGS, INC.	2,077	4,320	2,077	4,320	–	–
PSB	PHILIPPINE SAVINGS BANK	31,171	1,761,162	31,171	1,761,162	–	–
PSE	THE PHILIPPINE STOCK EXCHANGE,	3,088	487,904	3,088	487,904	–	–
PTT	PHILIPPINE TELEGRAPH	725,139	239,296	725,139	239,296	–	–
PX	PHILEX MINING CORP.	6,089,115	18,510,910	6,089,115	18,510,910	–	–
PXP	PXP ENERGY CORPORATION	1,051,978	8,068,671	1,051,978	8,068,671	–	–
RCB	RIZAL COMMERCIAL BANKING	2,598,365	61,581,251	2,598,365	61,581,251	–	–
RCI	ROXAS AND COMPANY, INC.	422,177	196,312	422,177	196,312	–	–
RCR	RL COMMERCIAL REIT, INC.	5,693,000	33,304,050	5,693,000	33,304,050	–	–
REG	REPUBLIC GLASS HOLDINGS CORP.	7,546	23,393	7,546	23,393	–	–
RFM	RFM CORPORATION	161,720	582,192	161,720	582,192	–	–
RLC	ROBINSON LAND CORPORATION	166,443	2,489,987	166,443	2,489,987	–	–
RLT	PHIL. REALTY & HOLDINGS CORP.	9,218,281	1,714,600	9,218,281	1,714,600	–	–
ROCK	ROCKWELL LAND CORPORATION	56,322,369	78,851,317	56,322,369	78,851,317	–	–
ROX	ROXAS HOLDINGS, INC.	109,710	77,894	109,710	77,894	–	–
RPC	REYNOLDS PHILIPPINE CORP.	75,271	–	75,271	–	–	–
SBS	SBS PHILIPPINES CORPORATION COMMON SH	78,775	307,223	78,775	307,223	–	–
SCC	SEMIRARA MINING AND POWER CORPORATION	1,856,200	64,038,900	1,856,200	64,038,900	–	–
SDP	SIME DARBY PILIPINAS, INC.	60	–	60	–	–	–
SECB	SECURITY BANK CORPORATION	210,956	18,353,172	210,956	18,353,172	–	–
SFI	SWIFT FOODS, INC.	53,646,257	4,023,469	53,646,257	4,023,469	–	–
SFIP	SWIFT FOODS, INC. CONVERTIBLE	15,428	30,085	15,428	30,085	–	–
SGI	SOLID GROUP, INC.	4,510,850	3,924,440	4,510,850	3,924,440	–	–
SGP	SYNERGY GRID & DEVELOPMENT PHILS., INC.	4,599,050	51,049,455	4,599,050	51,049,455	–	–
SHLPH	PILIPINAS SHELL PETROLEUM CORPORATION	6,153,500	103,994,150	6,153,500	103,994,150	–	–
SHNG	SHANG PROPERTIES, INC.	41,365,274	105,067,796	41,365,274	105,067,796	–	–
SLF	SUN LIFE FINANCIAL, INC.	3,655	9,503,000	3,655	9,503,000	–	–
SLI	STA. LUCIA LAND, INC.	137,730	447,623	137,730	447,623	–	–
SM	SM INVESTMENTS CORPORATION	27,613	24,851,700	27,613	24,851,700	–	–
SMC	SAN MIGUEL CORP.	703,550	65,394,973	703,550	65,394,973	–	–
SMC2J	SAN MIGUEL CORPORATION SERIES 2 PREFER	40,000	2,914,000	40,000	2,914,000	–	–
SMC2K	SAN MIGUEL CORPORATION SERIES 2 PREFER	50,000	3,550,000	50,000	3,550,000	–	–
SMPH	SM PRIME HOLDINGS, INC.	4,102,137	145,625,864	4,102,137	145,625,864	–	–
SOC	SOCRESOURCES, INC.	110,000	–	110,000	–	–	–
SPC	SPC POWER CORPORATION	650,000	6,149,000	650,000	6,149,000	–	–
SPM	SEAFRONT RESOURCES CORPORATION	46,767	78,569	46,767	78,569	–	–
SPNEC	SOLAR PHILIPPINES NUEVA ECIJA	3,530,000	4,236,000	3,530,000	4,236,000	–	–
SSI	SSI GROUP, INC.	4,386,100	6,842,316	4,386,100	6,842,316	–	–
SSP	SFA SEMICON PHILIPPINES CORPORATION	64,000	95,360	64,000	95,360	–	–
STI	STI EDUCATION SYSTEM HOLDINGS, INC.	9,603,000	3,313,035	9,603,000	3,313,035	–	–
STN	STENIEL MANUFACTURING CORP.	384,895	100,073	384,895	100,073	–	–
STR	VISTAMALLS, INC.	33,300	94,572	33,300	94,572	–	–
SUN	SUNTRUST HOME DEVELOPERS, INC.	5,056,250	4,752,875	5,056,250	4,752,875	–	–

CODE	NAME	Per Records No. of Shares	Per Records Market Value	Per Count No. of Shares	Per Count Market Value	Unlocated Difference No. of Shares	Unlocated Difference Market Value
SWM	SANITARY WARES MFG. CORP.	40,700	₱–	40,700	₱–	–	₱ –
T	TKC METALS CORPORATION	290,000	159,500	290,000	159,500	–	–
TBGI	TRANSPACIFIC BROADBAND GROUP INT'L. INC.	1,800,000	396,000	1,800,000	396,000	–	–
TECH	CIRTEK HOLDINGS PHILIPPINES CORPORATION	44,356	120,205	44,356	120,205	–	–
TECHW	CIRTEK HOLDINGS PHILIPPINES CORPORATION	5,356	3,106	5,356	3,106	–	–
TEL	PLDT, INC.	18,067	23,794,239	18,067	23,794,239	–	–
TFHI	TOP FRONTIER INVESTMENTS HOLDINGS, INC.	52,540	4,991,300	52,540	4,991,300	–	–
TUGS	HARBOR STAR SHIPPING SERVICES, INC.	1,020,000	989,400	1,020,000	989,400	–	–
UBP	UNION BANK OF THE PHILS.	38,524	3,316,916	38,524	3,316,916	–	–
UNI	UNIOIL RESOURCES & HOLDINGS	7,823,500	1,924,581	7,823,500	1,924,581	–	–
UP	UNIVERSAL RIGHTFIELD PROPERTY	4,416,320	–	4,416,320	–	–	–
UPM	UNITED PARAGON MINING CORP.	68,675,000	370,845	68,675,000	370,845	–	–
URC	UNIVERSAL ROBINA CORPORATION	44,096	5,997,056	44,096	5,997,056	–	–
V	VANTAGE EQUITIES, INC.	1,511,250	1,254,338	1,511,250	1,254,338	–	–
VITA	VITARICH CORPORATION	2,326,256	1,395,754	2,326,256	1,395,754	–	–
VLL	VISTA LAND & LIFESCAPES, INC.	1,173,190	1,935,764	1,173,190	1,935,764	–	–
VMC	VICTORIAS MILLING COMPANY, INC	2,062,148	5,340,963	2,062,148	5,340,963	–	–
VREIT	VISTAREIT RT	10,000	16,500	10,000	16,500	–	–
VUL	VULCAN INDUSTRIAL & MINING	1,212,560	970,048	1,212,560	970,048	–	–
VVT	VIVANT CORPORATION	625	8,025	625	8,025	–	–
WEB	PHILWEB CORPORATION	168,460	437,996	168,460	437,996	–	–
WIN	WELLEX INDUSTRIES, INC.	1,136,000	261,280	1,136,000	261,280	–	–
WLCON	WILCON DEPOT INC	288,300	8,504,850	288,300	8,504,850	–	–
WPI	WATERFRONT PHILIPPINES, INC.	779,138	358,403	779,138	358,403	–	–
X	XURPAS INC	146,000	38,690	146,000	38,690	–	–
ZHI	ZEUS HOLDINGS, INC.	200,000	25,400	200,000	25,400	–	–
			₱9,026,477,334		₱9,026,477,334		₱ –

SCHEDULE VII

CTS GLOBAL EQUITY GROUP, INC.
SUPPLEMENTARY SCHEDULE ON RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION UNDER THE REVISED SRC RULE 68

DECEMBER 31, 2022

Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning		₱16,281,169
Add net income actually earned/realized during the year		
Net income based on the audited financial statements during the year	₱52,237,125	
Realization of prior year unrealized foreign exchange gain	7,014,146	
Add (Deduct):		
Net unrealized foreign exchange gain (except those attributable to cash and cash equivalent)	(31,612,952)	
Appropriations of retained earnings during the period	(2,014,487)	
Movements in net deferred tax assets	(957,930)	24,665,902
Unappropriated retained earnings available for dividend declaration, ending		₱40,947,071

SCHEDULE VIII

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

DECEMBER 31, 2022

	2022	2021
Current/liquidity ratio	**4.88**	2.52
Current assets	**₱935,627,796**	₱860,648,422
Current liabilities	**191,727,723**	341,306,560
Solvency ratio	**0.27**	0.07
After-tax income (loss) before depreciation	**₱56,525,643**	₱24,560,180
Total liabilities	**210,474,665**	361,968,007
Debt-to-equity ratio	**0.11**	0.62
Total liabilities	**₱210,474,665**	₱361,968,007
Total equity	**1,989,049,558**	586,188,107
Asset-to-equity ratio	**1.11**	1.62
Total assets	**₱2,199,524,223**	₱948,156,114
Total equity	**1,989,049,558**	586,188,107
Interest rate coverage ratio	**50.45**	28.98
Income (loss) before interest and taxes	**₱54,542,015**	₱27,246,718
Interest expense	**1,081,100**	940,230
Return on Equity	**0.03**	0.03
After-tax income (loss)	**₱52,237,125**	₱20,144,870
Total equity	**1,989,049,558**	586,188,107
Return on assets	**0.02**	0.02
After-tax income (loss)	**₱52,237,125**	₱20,144,870
Total assets	**2,199,524,223**	948,156,114
Other relevant ratios		
RBCA ratio	**1,458%**	2,416%
Ratio of AI to NLC	**10%**	41%
Ratio of Core Equity to ORR	**2,909%**	2,794%

SCHEDULE IX

CTS GLOBAL EQUITY GROUP, INC.
SUPPLEMENTARY SCHEDULES UNDER
ANNEX 68-J OF THE REVISED SRC RULE 68

DECEMBER 31, 2022

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE A
FINANCIAL ASSETS

DECEMBER 31, 2022

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Income Received and Accrued
Financial Assets at Amortized Cost			
Cash	–	₱477,190,696	₱6,537,836
Trade receivable	–	389,117,645	–
Investments in government securities	512,220,000	513,818,936	9,773,504
Other assets	–	19,556,852	–
	–	1,399,684,129	16,011,654
Financial assets at FVPL			
Various securities	7,048,127	1,375,625	3,596,309
Financial assets at FVOCI			
Investments in government securities	748,732,000	761,395,966	16,347,496
Total		₱2,162,455,720	₱36,255,145

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE B
AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)

DECEMBER 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period
			None.				

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE C
AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING
CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period

Not Applicable.

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE D
LONG-TERM DEBT

DECEMBER 31, 2022

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Loans Payable" in Related Balance Sheet	Amount Shown Under Caption "Loans Payable - Net of Current Portion" in Related Balance Sheet	Interest Rate	Maturity Dates
		None.			

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2022

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
	None.	

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE F
GUARANTEES OF SECURITIES AND OTHER ISSUERS

DECEMBER 31, 2022

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for Which Statement is Filed	Nature of Guarantee
		None.		

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE G
CAPITAL STOCK

DECEMBER 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common Stock	8,000,000,000	6,875,000,000	–	–	4,424,721,500	2,450,278,500

CTS GLOBAL EQUITY GROUP, INC.

SCHEDULE FOR LISTED COMPANIES
WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC
December 31, 2022

	Estimated	Actual
Gross Proceeds	**₱1,375,000,000**	**₱1,375,000,000**
Offer Expenses	**(21,728,465)**	**(21,728,465)**
Net Proceeds	**1,353,271,535**	**1,353,271,535**
Use of Proceeds		
Scaling of global trading operations	(1,233,271,535)	(561,794,345)
Client account management expansion	(20,000,000)	–
General corporate purposes	(100,000,000)	–
	(1,353,271,535)	**(561,794,345)**
Unapplied Proceeds	**₱–**	**₱791,477,190**

CTS GLOBAL EQUITY GROUP, INC.

SUSTAINABILITY REPORT

Year 2022

Table of Contents

A. CONTEXTUAL INFORMATION

1. Company Details

Name of Organization	**CTS Global Equity Group, Inc.** ("CTS", the "Corporation", the "Company")
Location of Headquarters	Pasig City, Metro Manila, Philippines
Location of Operations	Pasig City, Metro Manila, Philippines
Report Boundary: Legal entities included in this report	CTS Global Equity Group, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	Proprietary Trading, Broker/ Dealer of Securities
Reporting Period	Calendar year ending 31 December 2022
Highest Ranking Person responsible for this Report	Juan Carlos G. Aquino/ Associated Person

2. Materiality Process

To create this report, the Company's management identified key areas that are materially relevant for CTS to reach long-term sustainable operations. It likewise endeavored to identify the expectations and interests of its various stakeholders comprising of, among others, its personnel (directors, officers, employees, agents, consultants, and other persons assigned to CTS by their respective employers), clients, service providers, regulators, investors and shareholders, and competitors.

Out of the 33 GRI topics, the following are material to Company stakeholders upon initial review. These topics will need to be validated against stakeholder interviews:

- Economic Performance;
- Indirect Economic Impacts;
- Employee Hiring and Benefits;
- Employee Training and Development;
- Customer Satisfaction;
- Customer Privacy;
- Data Security; and
- Local Communities; Financial Inclusion, Accessibility and Financial Education.

B. ECONOMIC

1. Economic Performance

a. Direct Economic Value Generated and Distributed

The following figures are based on the 2022 Audited Financial Statements of CTS Global Equity Group, Inc..

Disclosure	Amount (in PhP)
Direct economic value generated (revenue)	87,750,523
Direct economic value distributed:	
a. Operating costs	32,866,826
b. Employee wages and benefits	43,934,119
c. Payments to suppliers, other operating costs	55,508,784
d. Dividends given to stockholders and interest payments to loan providers	
e. Taxes given to government*	17,180,986
f. Investments to community (e.g. donations, CSR)**	

**CTS also remitted to the government sales transactions tax collected from its customers amounting to PhP8,836,626.*

(1) Impact

CTS was established to engage in the business of equities trading as a broker-dealer for the Philippine market, but through time, shifted focus to its proprietary trading desk for global equities. It uses its expertise garnered from years of experience and intellectual property assets – specifically on risk management, macroeconomics, fundamental, and technical analysis – to capitalize on opportunities on a local and global scale through trading of equities listed in various stock exchanges. With a cumulative experience of more than a hundred years trading in the stock market, the proponents of the Company have been able to develop a robust trading system that allows its traders to consistently generate returns on proprietary and client capital.

As part of CTS's commitment to establishing the Philippines as the lead proprietary trading hub in the world and uplifting world-class Filipino talent into the global trading arena, the Company has built a robust trader development ecosystem and continues to invest in technology that strengthens its ability to efficiently produce and distribute valuable content and information to traders. After successfully pivoting and maneuvering the challenges of the pandemic with newly digitized training sessions, risk management monitoring, and fully automated analytics, the past few years of pandemic have paved the way for the Company to level up its operations.

The economic performance of CTS affects the following stakeholders: its own personnel (consisting of its directors, officers, full-time employees, agents, consultants, and personnel who are employed by CTS's service providers but are assigned to the Company), the Company's clients, its investors and shareholders, its regulators consisting of, among others, the Securities and Exchange Commission, the Philippine Stock Exchange, Inc., and the Capital Markets Integrity Corporation, and the capital markets in general.

To manage its economic performance, CTS is committed to maximizing its profitability through the efficient use of its capital resources with the ultimate objective of increasing shareholder value. Consequently, CTS regularly monitors and reviews the effectiveness of its corporate activities and key performance indicators, which are considered important in measuring the success of implemented financial and operating strategies and concomitant action plans. Below are some of the Company's key performance indicators which are measured from time to time:

- Revenues;
- Gross Profit;
- Capital Stock;
- Trader Headcount;
- Average Revenue per Trader;
- Net Liquid Capital; and
- Risk Based Capital Adequacy Ratio.

(2) <u>Identified Risks</u>

Global markets experienced volatility across asset classes during 2022. Starting from the Russia-Ukraine war, global inflation has forced central banks to raise policy rates. This triggered recessionary fears and liquidity problems, causing equity markets to tumble. The benchmark indices of the US, Hong Kong, and the Philippines exhibited year-to-date returns of -19.6%, -15.9%, and -7.5% respectively.

Major trends in 2022 consisted of (1) rising commodity prices, (2) interest rate hikes, and (3) strong US dollar. With this, markets were seen taking a risk-off stance. Equities exhibited a lack of interest and participation as investors fled to safer, more stable asset classes. It is uncertain how long it will take for them to turn back to equities as the markets digest the increasing interest rates and input costs.

In addition to the uncertainty of the global economy, there were also major COVID-19 breakouts in several cities in China as well as Hong Kong. This led to a slowdown in economic productivity as major cities went into a lockdown for several weeks.

The volatility in the stock market is a risk that affects the Company's personnel, clients, shareholders, and the capital markets in general.

As a trading participant of the Philippine Stock Exchange, the Corporation is also required to comply with the risk-based capital adequacy ratios (RBCA) imposed by the Securities and Exchange Commission. These RBCA ratios, in general, ensure that broker dealers such as the Company have sufficient capital to sustain operating losses while maintaining a safe and efficient market.

The scale and duration of developments arising from the COVID-19 pandemic remain uncertain as of the report date. However, the Company exhibited resilience due to the largely flexible nature of its business and operations. The Company has necessary business continuity processes in place that specifically address the disruptions and risks brought by the pandemic.

(3) <u>Identified Opportunities</u>

Local talent remains to be CTS' edge over the global traders all over the world. Lower cost of living and the country's large pool of highly skilled and educated professionals are its competitive edge as human capital is one of the most important drivers of the Company. The country's median age is 25.7 years with a 96.3% literacy rate – CTS' education and recruitment initiatives aim to maximize this opportunity.

Aside from CTS' main markets such as the US, Hong Kong, and Japan, CTS is starting to position itself in the growing Southeast Asian markets. Starting with an Indonesian expansion, CTS is closely studying opportunities in the ASEAN markets that can be a big source of growth in the future.

These opportunities affect the Company's personnel, clients, shareholders and the capital markets in general.

2. Climate-Related Risks and Opportunities

Although environmental concerns rank lower in the Company's materiality assessment, the Company is cognizant of the integral role of environmental issues in its business and operations. To show its commitment to mitigating climate change, CTS has been taking concrete actions to raise environmental awareness the past few years by conducting different activities for its personnel. These include activities such as hosting of environment-related talks. CTS is planning to partner with organizations such as the Haribon Foundation for the Conservation of Natural Resources, Inc. (Haribon Foundation), which advocates for biodiversity conservation through building constituencies, empowering communities, and applying multi-disciplinary approaches. [1] While in 2022, due to the limitations of the pandemic, Haribon Foundation was unable to offer its partnership program to the Company. CTS will be finalizing its partnership in 2023 with Haribon to do a Coastal Clean-up scheduled in the 2nd quarter of 2023.

3. Procurement Practices

a. Proportion of Spending on Local Suppliers

While CTS dealt only with Philippine-based suppliers, there is no data available to confirm whether the products sourced were locally made or manufactured or were sourced by said suppliers overseas.

[1] https://haribon.org.ph/about-us/

(1) Impact

The Company's procurement practices affect its personnel, suppliers, and service providers.

Being a broker / dealer in securities, the Company relies on its suppliers only for its internal requirements. Most items sourced from suppliers involve office equipment, which, while necessary to allow its personnel to work more effectively, is not critical to the actual operations of the business. The only items sourced from suppliers which are critical to the Company's performance are those related to its technical equipment, such as its computer servers. In terms of services, the most critical would involve the Company's internet / web connection. The Company sources these critical pieces of equipment from established suppliers, with reputations for implementing sound business practices and meet the quality requirements set by the Company.

All supplier procurement is coursed through the Company's procurement team, working under its Admin Department. They work closely with the department requesting the procurement, to ensure that the quality standards are met. Procurement of critical equipment and/or services is likewise approved by the Company's management.

(2) Identified Risks

The identified risks would affect the Corporation's personnel, suppliers, and service providers.

Getting the wrong vendor or supplier may result in losses to the Company. These involve financial losses as well as time lost. This means that time that could have been spent providing improved services to customers may have to be reallocated to fixing the issues caused by the vendor or supplier.

To address the abovementioned risks, the Company implements quality control checks for supplies and services received. The procurement team is required to obtain quotes from multiple potential suppliers, to ensure that it is getting the best deal in the market. The Company has likewise streamlined its supplier contracts to include, among others, warranties on quality of materials and/or supplies, as well as structuring the compensation to supplier to allow the Company an opportunity to withhold partial payment in case of defective materials.

(3) Identified Opportunities

The identified opportunities involve the Corporation's personnel, suppliers, and service providers.

The Company is continuously studying additional ways it can improve its procurement system and processes. These present an opportunity for the Company to find better suppliers and service providers which are aligned with the Company's objectives. In improving its procurement processes, the Company may have potential savings or may be able to obtain better products or services.

4. Anti-Corruption

a. Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	*100%*
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	*(see note below)*
Percentage of directors and management that have received anti-corruption training	*(see note below)*
Percentage of employees that have received anti-corruption training	*(see note below)*

The Company has a zero-tolerance policy for Corruption and Bribery. It has put in place and implemented an Anti-Bribery and Anti-Corruption Policy which is integrated in both its Office Handbook and Code of Business Conduct and Ethics. Said policy is also publicly available in the Company's website. This policy is relayed to all employees and directors as part of their Company orientation. As this is not an issue being experienced by the Company, the incorporation of anti-corruption and anti-bribery training in its general policy training is adequate, and there may be no need to have a separate training on this topic.

b. Incidents of Corruption

Disclosure	Quantity
Number of incidents in which directors were removed or disciplined for corruption	0
Number of incidents in which employees were dismissed or disciplined for corruption	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0

(1) <u>Impact (for both items (a) and (b)</u>

The actions of its people reflect on the Company. As such, it is the Company's responsibility to ensure that each person acts with integrity and is above reproach.

The Company is aware that the adequacy or inadequacy of its anti-corruption training will affect its own personnel, the regulators with whom it engages with, its suppliers and service providers, as well as its clients.

To address potential incidents of corruption, the Company has instituted an Anti-Bribery and Anti-Corruption policy to clarify and strengthen the Company's stance against these unethical practices. The policy puts in place the proper procedures for the handling of complaints of this nature. The procedures are flexible – in that complaints may be submitted by various means. It likewise empowers several offices to make the investigation to provide complainants with various avenues to seek redress of their grievances.

All Company personnel are required to review the Company's Anti-Bribery and Anti-Corruption policy incorporated in its Office Manual. These policies are discussed during the personnel's on-boarding with the Company and supported through the Company's processes and procedures which reduce the possible instances of violation. The Company's Anti-Bribery and Anti-Corruption policy is supported by its Grievance and Whistleblowing mechanisms, which provides avenues for Company personnel to report any untoward incidents.

(2) <u>Identified Risks (for both items (a) and (b)</u>

No significant risks have been identified.

(3) <u>Identified Opportunities (for both items (a) and (b)</u>

There are always opportunities to strengthen the Company's adherence to its existing policies through the conduct of personnel and supplier training.

The Company is currently studying how to further strengthen and support its Anti-Bribery and Anti-Corruption Policy. Potential programs being reviewed include additional training for concerned personnel, and inclusion of anti-bribery and anti-corruption terms in all supplier and service contracts.

These identified opportunities affect the Company's personnel, suppliers and service providers, and regulators.

C. ENVIRONMENT

1. Resource Management

a. Energy Consumption within the Organization

Disclosure	Quantity
Energy consumption (renewable sources)	*0 GJ*
Energy consumption (gasoline)	*0 GJ*
Energy consumption (LPG)	*0 GJ*
Energy consumption (diesel)	*0 GJ*
Energy consumption (electricity)	*46,496 kWh*

Given the nature of the Company's business, it does not utilize energy other than electricity. As for its electricity consumption, it sources its electricity from the local distribution utilities.

b. Reduction of Energy Consumption

Disclosure	Quantity
Energy reduction (renewable sources)	*0 GJ*
Energy reduction (gasoline)	*0 GJ*
Energy reduction (LPG)	*0 GJ*
Energy reduction (diesel)	*0 GJ*
Energy reduction (electricity)	*0 kWh*

Given the nature of the Company's business, it does not utilize energy other than electricity. As for its electricity consumption, the Company does not have sufficient data on hand regarding its electricity consumption on a year on year basis.

(1) <u>Impact</u>

The Company's energy consumption affects its personnel, suppliers, clients, and the community at large.

The Company consumes energy, in the form of electricity, to support its business operations. It obtains the electricity supply from the local distribution utility, and thus is dependent on such distribution utility on the source of such power supply (e.g. whether from renewable or non-renewable sources). Given that it is a financial services company, its use of the other forms of energy (such as from LPG, diesel, and gasoline), if any, is very insignificant.

As part of its efforts to help conserve energy, the Company tries to use energy efficient equipment. Employees are also reminded to be conscientious of their energy consumption.

(2) Identified Risks and Opportunities

No significant risks and/or opportunities have been identified with respect to this matter.

c. Water Consumption within the Organization

Disclosure	**Quantity**
Water withdrawal	**-** *Cubic meters*
Water consumption	*126 Cubic meters*
Water recycled and reused	**-** *Cubic meters*

(1) Impact

As the Company is in the financial services industry, it uses tap water mainly for cleaning and personal hygiene purposes of its personnel and clients.

Aware that the Company's water consumption affects its personnel and community at large, the Company promotes conscientious use of water through giving its personnel reminders and issuing guidelines on use of water.

(2) Identified Risks and Opportunities

No significant risks and/ or opportunities have been identified with respect to this matter.

d. Materials Used by the Organization

Disclosure	**Quantity**
Materials used by weight or volume	
• ***renewable***	*
• ***non-renewable***	*
Percentage of recycled input materials used to manufacture the organization's primary products and services	*

**These do not apply as the Company is not in the manufacturing business.*

(1) Impact

While the Company is not involved in manufacturing, and thus, concerns with respect to materials it uses does not rank high in its materiality assessment, the Company understands its responsibility to ensure that it does its part to protect the environment.

On an operational level, the Company refrains from using paper unless the same is necessary. Personnel are also discouraged from printing unnecessary items and without compromising data security, encouraged to recycle paper. For items that need to be printed for internal purposes, they are printed in newsprint rather than white paper.

The Company also has an on-going garbage segregation project where personnel are encouraged to segregate their garbage between renewable and non-renewable materials.

(2) Identified Risks

The Company has not identified any significant risks with respect to this matter.

(3) Identified Opportunities

There is an opportunity to deepen the participation of the Company's personnel in its environmental conservation efforts. Aside from increasing its recycling and garbage segregation efforts, the Company can also encourage its employees to attend and actively participate in the different environmentally themed activities and educational campaigns.

e. Ecosystem and Biodiversity (Upland / Watershed or Coastal / Marine)

Disclosure	Quantity
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	*None identified*
Habitats protected or restored	*None identified*
IUCN Red List species and national conservation list species with habitats in areas affected by operations	*None identified*

(1) Impact

All of the Company's leased offices are situated in business district areas. As none of these locations are in, or adjacent to, any protected areas, there are currently no identified impacts of the Company's operations on biodiversity and ecosystems.

(2) Identified Risks and Opportunities

As of the moment, there are no significant risks or opportunities identified with respect to the above matter.

2. Environmental Impact Management

a. Air Emissions

(1) GHG

Disclosures	Quantity
Direct (Scope 1) GHG Emissions	- *Tonnes CO2e*
Energy indirect (Scope 2) GHG Emissions	- *Tonnes CO2e*
Emissions of ozone-depleting substances (ODS)	- *Tonnes*

(2) Air Pollutants

Disclosure	Quantity
NO_X	- *kg*
SO_X	- *kg*
Persistent organic pollutants (POPs)	- *kg*
Volatile organic compounds (VOCs)	- *kg*
Hazardous air pollutants (HAPs)	- *kg*
Particulate matter (PM)	- *kg*

(3) Impact for both (1) and (2)

As previously shown, the nature of the business of the Company does not result in as much direct material environmental impact as opposed to a business that is part of the manufacturing industry, for instance. As such, the Company’s impact on greenhouse gas emissions is insignificant, and mainly results from courier services. However, there is currently no data available on the greenhouse gas emissions resulting from these activities.

Internally, the Company encourages employees to help in reducing greenhouse gas emissions by doing simple practices to conserve electricity and water. The Company has also replaced its fluorescent bulbs into LED.

Further, the nature of the Company’s business does not lead to distinct or identifiable sources of emissions involving pollutants detrimental to public health or the environment.

(4) Identified Risks and Opportunities for both (1) and (2)

There are no significant risks or opportunities identified for the matters above.

b. Solid and Hazardous Wastes

(1) Solid Waste

Disclosure	Quantity
Total solid waste generated	- *kg*
Reusable	- *kg*
Recyclable	- *kg*
Composted	- *kg*
Incinerated	- *kg*
Residuals/Landfilled	- *kg*

(2) Hazardous Waste

Disclosure	Quantity
Total weight of hazardous waste generated	- *kg*
Total weight of hazardous waste transported	- *kg*

(3) <u>Effluents</u>

Disclosure	Quantity
Total volume of water discharges	- *cubic meters*
Percent of wastewater recycled	- *%*

(4) <u>Impact for Solid and Hazardous Waste and Effluents</u>

The Company's operations generate, for the most part, commercial waste consisting mostly of paper and plastic waste. No hazardous waste has been identified within the operations of the Company, as the term is defined by Republic Act No. 6969 (Toxic Substances and Hazardous Nuclear Waste Control Act of 1990). With respect to effluents, as previously mentioned, the Company uses tap water mainly for personal hygiene of its employees and clients. This water is sourced from the water utility provider in its building.

To help maintain the cleanliness of the premises, the Company provides trash bins within the office areas which are collected daily by the janitors of the building. Segregation into biodegradable, non-biodegradable and organic waste is also being observed.

(5) <u>Identified Risks and Opportunities for all items</u>

There are no significant risks or opportunities identified for the matters above.

c. Environmental Compliance

(1) <u>Non-Compliance with Environmental Laws and Regulations</u>

Disclosure	Quantity
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	*0*
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	*0*
No. of cases resolved through dispute resolution mechanism	*0*

(2) <u>Impact</u>

Given the nature of the Company's business, any changes in environmental laws or regulations would not affect it more significantly than how it would affect any other business. Such amendment of regulation or law may have an impact on the Company's personnel, clients, investors, and suppliers or service providers.

(3) <u>Identified Risks and Opportunities for all items</u>

There are no significant risks or opportunities identified for the matters above.

D. SOCIAL

1. Employee Management

a. Employee Hiring and Benefits

(1) <u>Employee Data</u>

Disclosure	Quantity
Total number of employees	*66*
a. Number of female employees	*20*
b. Number of male employees	*46*
Attrition rate	*-0.1%*
Ratio of lowest paid employee against minimum wage	-

The attrition rate was computed by deducting the number of resigned employees against the number of newly hired employees and dividing the difference by the average between the total number of employees for 2021 and 2022. For the calendar year ending 31 December 2022, no employees resigned from the Company.

All CTS full time employees are paid above the minimum wage.

(2) <u>Employee Benefits</u>

List of Benefits	Y/N	% Female Employee Availment	% Male Employee Availment
SSS	*Y*	*100.0%*	*100.0%*
PhilHealth	*Y*	*100.0%*	*100.0%*
Pag-IBIG	*Y*	*100.0%*	*100.0%*
Parental leaves	*Y*	*100.0%*	*100.0%*
Vacation leaves	*Y*	*100.0%*	*100.0%*
Sick leaves	*Y*	*100.0%*	*100.0%*
Medical benefits (aside from PhilHealth)	*Y*	*100.0%*	*100.0%*
Housing assistance (aside from Pag-IBIG)	*N*	-	-
Retirement fund (aside from SSS)	*Y*	-	-
Further education support	*Y*		
Company stock options	*N*	-	-
Telecommuting	*N*	-	-
Flexible-working Hours	*Y*	*100.0%*	*100.0%*
Emergency Salary Loan	*Y*	*10.9%*	*30.0%*

SSS, Philhealth, and Pag-IBIG Benefits: The Company regularly remits the monthly contributions for SSS, Philhealth, and Pag-IBIG. The Company, through its Human Resources Department, processed the benefit applications of all employees who have applied for these benefits and have met the minimum conditions for availment. These benefits include maternity and sickness benefits for SSS, Philhealth deductions on medical expenses, SSS and Pag-IBIG loans, among others.

Parental, Vacation, and Sick Leaves: All employees who are qualified to avail of said leaves have been granted them. All employees are granted a certain number of sick and vacation leaves per calendar year, which amount of leaves would depend on the employee's rank and tenure with the Company.

Medical Benefits (aside from SSS): The Company gives a health card to all regular employees. Further, the Company sponsors the annual physical examination of its personnel. In light of the COVID-19 pandemic, this benefit was extended to all personnel, including probationary employees and even agency hires assigned to the Company.

Retirement Fund (aside from SSS): The Company has a retirement program which may be availed of by employees who have rendered at least five (5) years of service.

Further Education Support: The Company has a training and development program to support the training needs of its personnel.

Housing Assistance (aside from Pag-IBIG); Company Stock Options: The Company does not have a housing assistance program (other than Pag-IBIG). It also does not currently have an employee stock option program.

Flexible Working Hours and Telecommuting: As Company employees need to be accessible during the hours that trading in the Philippine Stock Exchange are open, the Company cannot adopt flexible working hours for all positions. However, some employees, depending on their rank and role, have been granted flexible or semi-flexible working hours.

In 2022, due to the COVID-19 pandemic, most employees worked from home, while a designated team reports to work in the office premises.

Emergency Salary Loan: The Company grants an emergency salary loan to all regular employees. The loanable amount as well as repayment terms depend on several factors including, among others, tenure and purpose for the loan.

(3) <u>Impact</u>

CTS aims to provide a conducive and rewarding work environment for its employees. The Company values the contribution of each and every employee and has crafted its human resources policies with the aim of attracting and retaining key talent in the organization. These policies are constantly being reviewed in line with the changing circumstances as well as the changing needs of the Company's employees over time.

To attract and retain its talents, the Company has adopted, among others, the following human resources benefits and programs:

i. Competitive salary which is regularly benchmarked against market rates;
ii. Annual performance review to determine salary adjustments and promotions;
iii. At least 24 annual leave credits, which may be increased to up to 30 annual leave credits, depending on tenure;
iv. HMO health benefits;
v. Group life insurance;
vi. Meal and transportation allowances;
vii. Emergency salary loans;
viii. Employee training / study grant;
ix. Maternity benefit;
x. Service Awards; and
xi. Retirement and separation pay.

(4) Identified Risks

A critical risk is employee disengagement. Disengaged employees are "not poised to put in extra effort for success. They don't like going to work most days. They're unlikely to recommend the products of, or employment with, their employer."[2] A disengaged employee will only do the minimum, which performance will affect the overall performance of the Company.

Another risk is the resignation or separation of employees who then shift to either direct competitors or other companies within the same industry.

The Company shares its vision of uplifting world-class Filipino talent into the global trading arena to its personnel. CTS believes that it is important that its employees share in its vision in order to understand the direction and the overall focus of the Company.

To address engagement and foster a spirit of community within CTS, the Company hosts various employee related events including teambuilding, a year-end party, a yearly kick-off party and a mid-year town hall, to name a few. With the imposition of the quarantine restrictions, the Company had to transition some of these events online.

The Company's leaders also practice an "open door" policy which allows personnel to approach them directly in case of any concerns. The Company also has a grievance mechanism and has implemented a whistleblowing policy that provides additional avenues for personnel to forward their grievances.

(5) Identified Opportunities

There are many new developments in human resources that provide the Company with opportunities to deepen employee engagement and drive employment retention. Further,

[2] Zayed, Leila; Talent Culture, "Four Tips for Measuring Employee Engagement" at https://talentculture.com/four-tips-for-measuring-employee-engagement/ (last visited, 19 March 2021)

each interaction with the employee also provides the Company with an opportunity of understanding their needs and seeing how CTS can properly address them.

The Company studies each trend in human resources against the needs of the employees to see how the former can address the latter. The Company does this by sending its human resources team for continuous learning and through its memberships in HR organizations. The Company also encourages employees to make suggestions and explores these ideas to see if they can be applied.

b. Employee Training and Development

Disclosure	**Quantity**
Total training hours provided to employees	-
a. Female employees	-
b. Male employees	-
Average training hours provided to employees	-
a. Female employees	-
b. Male employees	-

The above information is not available. While the Company has a list of employees who underwent training programs in 2022, it does not have on file the total number of hours of training of each employee.

For 2022, select personnel of the Company attended the following seminars:

Training	***In-house / External Trainer***	***Department Concerned***
January		
Webinar on Targeted Financial Sanctions	*External*	*Compliance*
February		
Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) Fundamentals Webinar for Covered Persons	*External*	*Compliance*
Wellness Wednesday: Preventing Cardiovascular Diseases by Lifestyle Change	*External*	*All Departments*
March		
Wellness Wednesday: Stress and Zoom Fatigue Management	*External*	*All Departments*
April		
Wellness Wednesday: Mind Full	*External*	*All Departments*
CRC Data Protection Officer (DPO) Foundational and Certification Course	*External*	*Compliance*
May		
Wellness Wednesday: A Sound Mind in the Midst of	*External*	*All Departments*

Training	***In-house / External Trainer***	***Department Concerned***
Pandemic		
Training Session for Real Estate Investment Trusts	*External*	*All Departments*
June		
2022 SEC-GRI Workshop Series	*External*	*Compliance*
July		
Targeted Financial Sanctions (TFS) Webinar for Covered Persons	*External*	*Compliance*
August		
Wellness Wednesday: Impact of the New Normal – Work Life Balance	*External*	*All Departments*
September		
2022 Trading Participants' Seminar	*External*	*Compliance*
October		
Wellness Wednesday: Don't Me, 'Wag ako! Self Esteem and Empowerment	*External*	*All Departments*
Corporate Governance Orientation Program	*External*	*Directors and Officers*
Terrorism Financing	*In-house*	*All Departments*
Data Privacy	*In-house*	*All Departments*
November		
2022 AML/CTS Summit	*External*	*Compliance*
Advanced Corporate Governance Training	*External*	*Directors and Officers*
December		
Practical IT Security in the Corporate Setting	*External*	*All Departments*
AMLA Webinar	*In-house*	*All Departments*

(1) Impact

The continued improvement and learning of the Company's personnel directly impacts the organization. The Company further believes in the capabilities of each individual member of the organization, and thus seeks different methods to help them reach their full potential.

On an annual basis, during the performance evaluation, Company managers provide recommendations on how their team members may continue their professional development. These may be in the form of learning a new set of skills, attending a training program, or exposure to a different facet of the job to help them have a more meaningful understanding of their role in the Company. These trainings are Company sponsored and all concerned employees are highly encouraged to attend.

The Company also encourages the employees to join outside organizations related to their tasks to help deepen their networks and expose them to the best practices of other companies.

The Company also allows its employees to take long leaves (sabbaticals) to give them an opportunity to pursue further studies. As long as allowed by the individual's role, the Company is also amenable to adjusting the work schedule of employees who are taking additional studies to fit their school schedule.

Employee training may also involve topics for personal development, such as leadership training and strengths training.

Aside from the above, the Company culture also encourages employees to approach their managers, department heads, or the human resources department if they have any suggestions, including possible topics for further study.

(2) Identified Risks

Each learning and development training or activity is an investment in the employee, requiring resources on the part of the Company. There is a risk that the employee leaves the Company after completion of their training, bringing their upgraded skills to a competitor or other organization.

However, for the Company to move to the next level and meet new challenges, it cannot stop from and must continue to invest in the learning, training, and development of its personnel. The risk of employee resignation, after investment on their training, may be mitigated as follows:

i. For training requiring a substantial investment on the part of the Company, the employee is required to sign a training bond;
ii. The Company employs a selection mechanism to determine who will receive training which includes the consideration of, among others, the following factors: tenure and employee performance; and
iii. Employment of employee retention / employee engagement strategies as listed previously.

(3) Identified Opportunities

Technology is breaking barriers in terms of accessibility – programs that used to be only available overseas may be accessed remotely, some courses by renowned institutions are available online, and what used to be classroom only type lectures may now be translated to an online platform. All of these present opportunities to the Company and give it and its employees more options in finding the training most suited to them.

The Company's human resources department is continually exploring which learning methodologies, courses, platforms, etc. fit the needs and profile of the employees.

c. Labor Management Relations

Disclosure	Quantity
% of employees covered with Collective Bargaining Agreements	*0*
Number of consultations conducted with employees concerning employee-related policies	-

The Company does not have formal data on this. However, prior to implementation of any policy, consultations are done with employee representatives of different departments to obtain their views on the proposed policy.

(1) <u>Impact</u>

The Company believes that its people are its most valuable resource. Any issue that directly affects the Company's personnel will have an impact on the organization. Likewise, most Company decisions will impact its employees, directly or indirectly.

As part of its mission to provide a conducive and rewarding work environment to all personnel, the Company strives to provide employees with compensation, benefits, and a work environment that are at least at par with, or better, than what is required by labor laws and best practices of other corporations.

Given the relatively small size of the Company, the employees are not unionized. Thus, to ensure transparency and open dialogue with the employees, the Company seeks many ways to engage them. These include the imposition of an "open door" policy for all officers, the hosting of events such as town hall meetings where employees may openly ask their questions to management, the seeking of employee feedback and employee representatives in certain human resources initiatives.

(2) <u>Identified Risks and Opportunities</u>

The Company has not identified any significant risks and/or opportunities with regards to this matter.

d. Diversity and Equal Opportunity

Disclosure	Quantity
% of female workers in the workforce	*30.3%*
% of male workers in the workforce	*69.7%*
Number of employees from indigenous communities and/or vulnerable sector	-

While the Company employs persons from the vulnerable sector, it does not monitor the headcount from such sectors. The term "vulnerable sector" includes elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

(1) Impact

CTS strives to create a workplace that is reflective of the communities it serves. While it recognizes that there is still work to be done, the Company is committed to increasing gender diversity at all levels of the organization. As of December 31, 2022, women make up 30.3% of the total workforce, and 18.9% of the Company's Board of Directors.

Preliminarily, it bears stressing that the Company employs a merit-based approach in hiring and employee movements (e.g. promotions). While there are certain departments that are predominantly male or female, this was not a result of a deliberate preference by the Company of one gender over another. An applicant or employee is evaluated only against factors that affect their job performance, ignoring aspects which have no bearing on them such as their gender, age, race, religion, or social status.

The Company has developed programs catered to women – such as the company maternity benefit policy. However, Department Heads are also given some degree of flexibility in defining some of their programs to suit their employees.

(2) Identified Risks

There is a risk that the needs of the minority may be ignored or not given the proper priority. The Human Resources Department must continually exert efforts to interact with all employees and keep updated on on-going issues, to avoid becoming tone-deaf and inadvertently exclude the needs of a minority group.

The Company encourages accessibility of all officers and the Human Resources Department. Further, prior to implementation of policies, the Company seeks the opinion of its personnel, and tries to ensure that all interests and groups are represented.

(3) Identified Opportunities

There is an opportunity in understanding what makes each member of the organization unique. Diversity should not be understood only in the limited male-female dichotomy. Rather, there is a need for the Company to look at diversity in terms of age, sexual orientation, religion, experiences, roles, and skill sets, among others.

The Company engages in constant dialogue between the human resources team, Management, and the personnel to understand what makes each individual unique, what binds all of them together, and how the Company may best address their needs.

e. Occupational Health and Safety

Disclosure	Quantity
Safe Man-Hours	-
No. of work-related injuries	*0*
No. of work-related fatalities	*0*
No. of work-related ill-health	*0*
No. of safety drills	-

(1) Impact

Given the nature of the Company's business as a financial institution, work-related hazards are limited to occasional accidents, such as slipping, falling, or contact with sharp objects, as well as those that affect the community as a whole.

The Company has tasked its Admin department, together with select personnel who are Occupational Safety and Health (OSH) certified to ensure that the work premises are safe for its personnel, clients, and guests. Work areas are routinely checked and items deemed to be hazardous or with a potential to cause injury are immediately remedied.

The Company likewise is in close coordination with the building administration office to ensure that any building-related issues affecting the health and safety of the personnel are immediately raised and addressed.

As part of its benefits, the Company sponsors the health card of its employees. With the help of its HMO provider, the Company regularly reviews the common illnesses, if any, of its employees, and finds solutions to address them. On an annual basis, the Company also sponsors the annual physical exam of all personnel to ensure their continued health and safety. Prior to reporting for their first day in the office, new employees are required to complete a pre-employment examination and receive cleared results. Those who are not cleared by the doctor are given additional time to address their medical issues before joining the Company.

(2) Identified Risks

The Company manages all applicable risks using the approaches mentioned above.

In addition to the risks that have been discussed above, the onset of the novel coronavirus (COVID-19) pandemic is an unprecedented black swan event. The health crisis has affected the Company as a lockdown was implemented and public transportation was curtailed.

With respect to the situation caused by the COVID-19 pandemic, the Company instituted its business continuity protocols which allowed most employees to work remotely, and the implementation of a skeletal staff and rotational staff system. The Company also complied with the recommended protocols of the Department of Health and the World Health Organization, such as the more frequent disinfection and sanitation of its office spaces, conduct of temperature checks, and making alcohols, vitamins, face masks, and face shields available for its employees. Additional prevention and control measures were also established such as (a) installation acrylic barriers at workstations where face-to-face transactions take place; (b) installation of stanchion post to control entrance/exit at the main door; (c) an alternate seating arrangement; (d) posting of personal hygiene and etiquette signages; (e) provision of alcohol dispensers and footbath; and (f) provision of air purifiers for the employees.

(3) Identified Opportunities

Each crisis provides the Company with an opportunity of discovering new and improved ways to deliver services to its clients and look after the safety and welfare of its personnel.

The Company is always open and seeks to remain flexible in order to explore new alternatives and solutions.

f. Labor Laws and Human Rights

Disclosure	Quantity
No. of legal actions or employee grievances involving forced or child labor	*0*

Topic	Company Policy
Forced labor	*The Company complies with all applicable laws, including the Philippine Constitution and labor laws, which prohibit forced labor.*
Child labor	*The Company only hires applicants who are of legal age, or at least 18 years old.*
Human Rights	*The Company complies with all applicable laws, including the Philippine Constitution and labor laws, which protect human rights.*

(1) Impact

Any violation of labor laws or human rights against the Company's personnel directly impacts its people.

The Company believes that its people are its greatest resource. As such, apart from ensuring compliance with the requirements of all applicable laws and regulations, the Company, as much as possible, tries to adopt the best practices in other organizations. Further, the Company ensures that there are open lines of communication between its personnel and management, to ensure that the personnel's critical needs are addressed.

(2) <u>Identified Risks</u>

Being in the financial services industry, there are instances when Company personnel are ill-treated by clients or other third parties.

As much as possible, the Company tries to find a win-win solution for any incident. However, this is never at the expense of the rights of its personnel. Clients are informed in advance that Company personnel must be treated with courtesy and respect, and that unprofessional behavior will not be tolerated. Any such behavior will give rise to the Company's right to terminate the engagement. Further, the Company ensures that there are security guards posted at or near its offices, to protect its employees.

(3) <u>Identified Opportunities</u>

New solutions to emerging or existing issues are constantly being developed which the Company can learn from.

The Company reviews these potential solutions vis-à-vis the factual circumstances of the Company and its personnel. Depending on the urgency of the situation, applicable solutions may be adopted on a staggered basis.

2. Supply Chain Management

While there is no formal written policy on supplier accreditation, the Company requires new vendors/suppliers to complete a Vendor Information Sheet and to submit the same together with supporting documents which includes, among others:

i. Company Profile
ii. Business Permit
iii. SEC/DTI Registration
iv. Audited Financial Statement
v. BIR Registration Form 2303
vi. VAT Exemption Certificate
vii. Sample Official Receipt/Sales Invoice/Collection Receipt

The Company then conducts a background check of the prospective vendor based on their trade references. In conducting its background check, it considers a variety of factors which include sustainability topics such as environmental performance, forced labor, child labor, human rights, and bribery and corruption, among others.

(1) <u>Impact</u>

The Company highly values integrity and its reputation may be affected by its partnerships with various persons, including its vendors and service providers. Thus, the reputation of the prospective supplier or service provider forms part of the criteria to be considered prior to entering into any agreement. Any adverse news on the above topics will cause the Company to reconsider its relationship with said supplier or service provider.

(2) Identified Risks and Opportunities

The Company has not identified any substantial risks and/or opportunities with respect to the above matters.

3. Relationship with Community

a. Significant Impacts on Local Community

(1) Impact

CTS believes in establishing the Philippines as the lead proprietary trading hub in the world. Because of this, the Company has chosen to focus its efforts on educating more Filipinos every day on the merits of financial literacy and investor education. To this end, CTS holds an internship program that educates the youth in global trading standards. CTS also regularly partners with public and private companies and organizations, as well as schools and student organizations, to further its advocacy and reach.

(2) Identified Risks and Opportunities

There are no significant risks and/or opportunities identified with respect to this matter.

4. Customer Management

a. Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Net Promoter Score	-	-

(1) Impact

The Net Promoter Score Survey (NPS) is a metric developed by Bain and Co that is used to measure customer experience and loyalty. It is reported as an index from -100 to 100 and is derived by asking customers how likely they are to recommend a company to their family and friends on a scale of 0 to 10. Respondents are grouped into 3 categories based on their rating: Promoters are those who gave a score of 9 or 10, Passives are those who gave a score of 7 or 8, and the rest are called Detractors, with scores ranging from 0 to 6. The NPS is computed by subtracting the percentage of Detractors from the percentage of Promoters.

The Company has yet to implement the Net Promoter Score. Given its client size, the Company has chosen to use a more personalized / one-on-one approach in getting customer feedback.

(2) Identified Risks and Opportunities

The Company has not identified any material risks and/or opportunities with respect to the above.

b. Health and Safety

Disclosure	**Quantity**
No. of substantiated complaints on product or service health and safety	*0*
No. of complaints addressed	*0*

Given the nature of the Company's business, substantiated customer complaints, if any, do not involve health and safety issues. Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

(1) Impact

As the Company is a broker / dealer of securities, its services do not have any impact on the physical health and safety of its clients.

(2) Identified Risks and Opportunities

The Company has not identified any material risks and/or opportunities with respect to the above.

c. Marketing and Labelling

Disclosure	**Quantity**
No. of substantiated complaints on marketing and labelling	*0*
No. of complaints addressed	*0*

Given the nature of the Company's business, substantiated customer complaints, if any, do not involve marketing and labelling issues. Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

(1) Impact

The Company does not actively advertise itself or its products.

(2) Identified Risks and Opportunities

The Company has not identified any material risks and/or opportunities with respect to the above.

d. Customer Privacy

Disclosure	Quantity
No. of substantiated complaints on customer privacy	*0*
No. of complaints addressed	*0*
No. of customers, users and account holders whose information is used for secondary purposes	*0*

The Company did not receive any substantiated complaints on customer privacy for the calendar year ending 31 December 2022. Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

(1) Impact

The Company values the privacy of its customers. Unless otherwise required by applicable law or regulations, or necessary to process customer transactions, the Company does not disclose any customer data. Further, in case disclosures are needed, only the required minimum information is disclosed.

The Company has published its privacy policy in the website. In case the basis of processing is consent, such as marketing emails, the customer may choose to withdraw such consent or unsubscribe from such email blasts. The Company also regularly reviews its account opening documentation and other customer forms to minimize, as much as is reasonably and legally possible, the customer data being collected.

In case customers have a concern with respect to their data, they may contact the Company through any of CTS's official customer channels. Said client may also directly contact the Company's Data Privacy Officer at dpo@ctsglobalgroup.com.

(2) Identified Risks

A privacy incident may lead to the disclosure of customer information.

To manage this risk, the Company has imposed policies to protect customer privacy. These include, among others, the following:

i. having an annual training on data privacy to all Company personnel;
ii. identifying persons in charge of data from each department;
iii. imposing levels of access that would limit access to customer data to what is needed by a particular personnel's role;
iv. incorporating a review process for requests of customer data; and
v. cybersecurity and other IT measures as will be discussed in the succeeding portion of this report.

(3) Identified Opportunities

There are a variety of training as well as security protocols that are being developed. The Company can take advantage of these trainings and products to further enhance its customer privacy protocols.

e. Data Security

Disclosure	**Quantity**
No. of data breaches, including leaks, thefts and losses of data	*0*

(1) <u>Impact</u>

The Company needs to collect and process personal data in the pursuit of its services. The Company must ensure security and integrity of such data to maintain the trust of its clients.

The Company prioritizes the security and integrity of its online systems. The Company has established its security operations center (SOC) that responds to all potential security issues and threats.

The Company has assigned a data protection officer and a compliance officer for privacy to ensure protection of the data subjects. Under the Data Privacy Act, the Company is mandated to comply with the Five Pillars of Compliance, namely, (a) appointment of data protection officer; (b) conduct of on-going privacy impact assessments; (c) implementation of a privacy management program; (d) establishing data privacy and security measures; and (e) exercise of data breach protocols.

(2) <u>Identified Risks</u>

Any data breach or security incident may result in disruption of Company operations, the loss of data, or compromise the integrity of data. In case of such event, some clients may choose to no longer transact with CTS.

To ensure data and IT security, the Company, among others:

i. Ensures all employees are trained on relevant data privacy policies;
ii. Ensures relevant IT employees receive the appropriate advance training to help them address any changes in IT security; and
iii. Ensures that it is kept up to date on all trends and developments in IT and data security through its partnerships with its external providers and data privacy organizations.

(3) <u>Identified Opportunities</u>

The Company finds new and more innovative ways to keep its data secure.

Aside from keeping abreast of the fast-changing technology involving data security, the Company has also taken advantage of the available training for its personnel.

E. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

1. Product or Service Contribution to UN SGDs

Topic	Remarks
Key Products and Services	Broker Dealer in Securities / Proprietary Trading
Societal Value/ Contribution to UN SDGs	Goal 1: End poverty in all its forms everywhere Goal 10. Reduce inequality within and among countries The Company's internship program, global trader training, and upcoming client advisory business gives its clients and stakeholders the opportunity to participate in the global capital markets.
Potential Negative Impact of Contribution	The stock market does not have a guaranteed return, thus stakeholders risk losing some of their capital.
Management Approach to Negative Impact	The Company has built a robust risk-management system, as well as structured the on-boarding of their traders, to help guide its people in their trading journey. It also aims to educate the youth of the country by conducting an annual internship program, giving its participants access to a cumulative experience of more than a hundred years in the equity market.