SECURITIES AND EXCHANGE COMMISSION
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Company Information

SEC Registration No.: 0000063824
Company Name: CTS GLOBAL EQUITY GROUP, INC. doing business under the names and styles of CTS Global, CTS Global Equities, CTS Global Securities, CTS Securities, Citisecurities
Industry Classification: J66930
Company Type: Stock Corporation

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SEC Registration Number

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

(Company's Full Name)

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

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

Mr. Lawrence C. Lee	**(02) 8 635-5735**
(Contact Person)	(Company Telephone Number)

1 2 / **3 1**	**17-Q**	**0 5** /
Month *Day*	(Form Type)	*Month* *Day*
(Calendar Year)	**March 31, 2026**	(Annual Meeting)

Broker

(Secondary License Type, If Applicable)

CFD	**Not Applicable**
Dept. Requiring this Doc.	Amended Articles Number/section

Total Amount of Borrowings

4		
Total No. of Stockholders	Domestic	Foreign

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2026**

2. Commission 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: **Pasig City, Philippines**

6. Industry Classification Code: Use Only)

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

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

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

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

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

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

Yes [**x**] No [ ]

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

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

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

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

Company Overview

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

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

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

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

Business Segments

The Company's business segments are:

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

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

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

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

Industry and Economic Review

The first quarter of 2026 was defined by a dramatic geopolitical shock that abruptly reversed early-year optimism. Global markets entered January on solid footing, carried by strong corporate earnings and expectations of continued monetary easing. That changed in late February when the escalation of the US-Iran conflict — including large-scale strikes on Iranian energy infrastructure — effectively shut down traffic through the Strait of Hormuz and sent oil prices sharply higher, forcing a broad reassessment of the inflation and growth outlook across both developed and emerging markets.

Equities. Global equity markets ended the quarter in negative territory, erasing what had been a promising start to the year. The S&P 500 fell 4.3%, its worst quarterly performance since 2022, briefly touching record highs in January before reversing sharply through February and March. The selloff was notable for being broad-based rather than rotational — a macro de-risking event rather than a shift in style preference. Technology names faced a double headwind: first from concerns early in the quarter that rapidly advancing AI capabilities would erode margins for established software businesses, then from the broader risk-off wave triggered by the Middle East conflict. Energy stocks were the clear exception, with oil producers and refiners posting significant gains as crude prices surged. In Asia, Japan delivered positive returns for the quarter supported by domestic political tailwinds following the February elections, while Korean and Taiwanese markets — initially buoyed by AI-related semiconductor demand — gave back gains in the March selloff. The MSCI Asia ex-Japan Index ended down 1.1%, while the MSCI Emerging Markets Index managed a marginal decline of 0.1%, outperforming broader developed markets.

Commodities. The quarter's dominant story was energy. Brent crude posted its largest single-month price increase in four decades in March alone, and the Bloomberg Commodity Index surged 24.4% for the quarter — the strongest-performing major asset class by a wide margin. Agricultural commodities also moved higher as supply chains tied to the Strait of Hormuz came under pressure. Gold retained its safe-haven appeal, holding near record levels established in 2025 amid heightened geopolitical uncertainty and rising real yields.

Bonds. Fixed-income markets offered little refuge in the quarter. Yields, which had begun the year drifting lower on rate-cut expectations, reversed sharply as the oil shock reignited inflation concerns. Short-dated bonds were hit particularly hard as markets rapidly repriced from expecting further central bank easing to pricing in the possibility of rate hikes. Credit spreads widened across both high yield and investment grade, and the prospect of additional rate cuts in 2026 was largely removed from market expectations across major economies. Global investment grade bonds returned -1.3% for the quarter.

Currency. The US Dollar strengthened over the quarter as higher real rates and safe-haven demand supported the greenback. This proved to be a headwind for emerging market currencies and debt, with most Asian currencies — including the Philippine peso — coming under depreciation pressure as capital outflows accelerated following the March energy shock.

Philippine Market. The domestic economy entered the quarter in recovery mode following a difficult end to 2025, when full-year GDP growth came in at 4.4% — below government targets — dragged down by a contraction in public construction tied to a high-profile corruption scandal and softer household spending. Early Q1 indicators were encouraging: the manufacturing PMI improved, tourist arrivals picked up, and the BSP delivered a rate cut in February, bringing the policy rate to its lowest level in over three years. The oil shock in March, however, disrupted what had been shaping up as a gradual recovery. The PSEi fell 5.7% over the back half of the quarter, mirroring regional selloffs, while the peso depreciated as investor sentiment deteriorated and capital outflows intensified. Inflation jumped to 4.1% in March as fuel costs fed through to consumer prices, bringing the quarterly average to 2.8% — still within the BSP's target band but on an uncomfortable upward trajectory. The IMF subsequently lowered its full-year 2026 GDP growth forecast for the Philippines to 4.1%, from 5.6% at the start of the year, citing the compounding effects of the external shock on an economy recovering from a weak base.

Strategic Outlook for Q2 2026. The path forward hinges on how long the Middle East disruption persists and whether energy prices stabilize or continue to climb. For the BSP, navigating between supporting a recovering domestic economy and managing renewed inflation risks will be the defining policy challenge in the coming months. For CTS Global, the elevated volatility across both local and global markets underscores the importance of disciplined risk management and selective positioning — while also presenting opportunities for alpha generation in an environment where asset class correlations have broken down and market leadership has shifted meaningfully away from the themes that dominated 2024 and 2025.

Business Review

1. *Key Performance Indicators*

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Annualized Revenue over Capital	**7.9%**	6.9%
Gross Margin	**62.9%**	49.2%
Net Margin	**19.7%**	20.4%
Global Trading Revenues (in millions)	**₱6.6**	₱2.2
Local Trading Revenues (in millions)	**₱3.8**	₱5.5
Interest Income	**₱19.7**	₱21.2
Dividend Income	**₱5.3**	₱2.9
Total Revenues (in millions)	**₱37.8**	₱32.9
Net Liquid Capital (in millions)	**₱1,912.4**	₱1,981.8
Risk-Based Capital Adequacy (RBCA) Ratio	**624%**	1,088%

CTS recorded revenues of ₱37.8 million for the three months ended March 2026, representing a 14.9% increase from the prior period. Annualized revenue over capital improved to 7.9%, up from 6.9% in the comparative period. The increase was primarily driven by higher trading gains of ₱10.4 million, compared to ₱7.7 million in the prior period, complemented by interest and dividend income totaling ₱25.0 million.

Net trading gains of ₱10.4 million were largely attributable to ₱15.8 million in fair value gains on equity positions held at period end, partially offset by ₱5.4 million in realized trading losses.

Gross margin expanded to 62.9% from 49.2% in the prior year, reflecting the impact of higher trading gains and lower transaction costs.

Operating expenses remained stable at ₱8.7 million, consistent with the prior period. Supported by higher trading gains, steady interest income, and disciplined cost management, CTS reported net income of ₱7.4 million for the three months ended March 2026, translating to a net margin of 19.7%.

CTS maintained a strong capital position throughout the period. Net Liquid Capital stood at ₱1,912.4 million reflecting continued liquidity strength. The RBCA ratio remained well above regulatory requirements at 624%, though lower than the 1,088% recorded in the prior period, owing to increased market exposures.

2. *Other Financial Soundness Indicators*

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Profitability ratios:		
Annualized return on assets (ROA)	1.3%	1.2%
Annualized return on equity (ROE)	1.5%	1.3%
Solvency and liquidity ratios:		
Current ratio	5.26	5.00
Debt to equity ratio	0.11	0.11

Profitability improved for the three-month period, with annualized return on assets at 1.3% and annualized return on equity at 1.5%, up from 1.2% and 1.3% in the same period last year, driven mainly by fair value gains on equity positions held as of period end.

The Company remains financially strong, with a current ratio of 5.26 indicating ample liquidity and a low debt-to-equity ratio of 0.11 reflecting conservative leverage. Overall, the Company continues to be financially stable and well-capitalized.

3. *Material Changes in Financial Condition*

a. March 31, 2026 vs December 31, 2025

CTS' total assets declined by 2.0%, or ₱46.2 million, to ₱2.2 billion as of end-March 2026, compared to end-2025.

Cash and cash equivalents, including short-term time deposits, decreased by 3.5% to ₱462.3 million from ₱479.0 million. The decrease was primarily due to ₱5.2 million net increase in local stock positions, settlement of ₱2.8 million in end-2025 accrued expenses, and net client portfolio withdrawals. This was partially offset by pre-tax income of ₱9.8 million adjusted for ₱9.0 million in non-cash items, including depreciation, unrealized trading gains, and unrealized foreign exchange losses.

Financial assets at fair value through profit or loss (FVPL) rose to ₱365.1 million from ₱344.1 million, driven by ₱15.8 million in fair value gains on equity positions held at period end.

Trade receivables declined to ₱105.9 million from ₱120.1 million at end-2025, primarily reflecting the deployment of deposits held with a foreign broker for equity securities purchases and the collection of year-end clearinghouse receivables.

Investments in government fixed-income securities decreased by 4.8%, or ₱60.2 million, due to mark-to-market losses on FVOCI-classified securities and ₱0.4 million in bond amortization. Yields rose sharply following the March oil shock, which reignited inflation concerns and reversed earlier easing driven by rate-cut expectations. As of end-March 2026, these investments amounted to ₱1.2 billion, with coupon interest rates ranging from 6.75% to 7.50% per annum, and cumulative unrealized losses on fair value changes amounting to ₱31.6 million.

These fixed-income holdings form part of CTS' strategy to generate stable recurring income through the debt securities market, supporting interest income and helping cover operating expenses. To manage associated risks, CTS employs a comprehensive framework encompassing diversification, duration and credit risk management, continuous monitoring of economic conditions, prudent position sizing, and a targeted yield profile. Management views the sharp movement in bond yields during the quarter as temporary to medium-term in nature, though the duration of the adjustment may be prolonged depending on the resolution of the Middle East oil conflict and broader macroeconomic developments. Given the general intent to hold these securities to maturity, current fair value changes are not expected to materially affect long-term returns or realized cash flows.

Property and equipment decreased by 7.3% and investment property declined by 2.1%, both attributable primarily to ₱1.4 million in depreciation. Intangible assets also decreased by 3.3%, reflecting ₱0.1 million in amortization.

Net deferred tax assets increased by 68.0% to ₱31.1 million, comprising deferred tax assets from net operating loss carryover of ₱20.3 million, retirement liability of ₱8.4 million, and unrealized losses on FVOCI-classified securities of ₱7.9 million, partially offset by deferred tax liabilities on cumulative unrealized foreign exchange gains.

Other current assets grew by 62.5% to ₱32.5 million from ₱20.0 million, consisting primarily of ₱22.0 million in interest receivables from government fixed-income investments and ₱7.7 million in excess tax credits. Other noncurrent assets increased by ₱0.2 million, mainly due to additional refundable clearing fund contributions.

Total liabilities decreased by 3.9% to ₱218.5 million from ₱227.3 million at end-2025, driven by lower client cash balances resulting from net portfolio withdrawals and the settlement of year-end accrued expenses and government payables carried over from end-2025.

Stockholders' equity stood at ₱2.0 billion, reflecting ₱7.4 million in net income for the period and ₱44.8 million in unrealized losses on FVOCI financial assets, net of tax.

b. March 31, 2025 vs December 31, 2024

CTS' total assets grew by 1.4% or ₱30.8 million, to ₱2.3 billion as of the quarter ended March 2025, compared to year-end 2024.

Cash and cash equivalents (including short-term time deposits) decreased by 5.8% to ₱414.7 million from ₱440.3 million at end-2024. This decrease resulted from various factors: pre-tax income of ₱1.9 million; non-cash expense adjustments totaling ₱10.9 million (comprising depreciation, unrealized trading losses, and unrealized foreign exchange losses); net increase in Philippine equity securities of ₱80.3 million; collection of prior year-end receivables from clearinghouse of ₱29.5 million; and settlement of end-2024 accrued expenses of ₱9.2 million.

Financial assets at fair value through profit or loss (FVPL) rose to ₱167.0 million from ₱65.4 million at end-2024, due to increased positions on equity securities held both locally and abroad.

Trade receivables declined to ₱386.9 million from ₱440.2 million at end-2024, and consist primarily of ₱386.8 million in deposits with other brokers for trading in foreign markets.

Investments in government fixed-income securities declined by 0.2%, or ₱3.1 million, reflecting ₱238.7 million in bond sales, ₱217.3 million in new bond purchases, a ₱19.0 million mark-to-market gain on FVOCI-classified securities, and ₱0.7 million in bond amortization. As of the quarter ended March 2025, these investments - classified as financial assets at FVOCI (for purposes of collecting contractual cash flows and selling financial assets) - amounted to ₱1.2 billion, with coupon rates ranging from 6.75% to 7.50% p.a. Cumulative unrealized gains on changes in FVOCI financial assets stood at ₱31.8 million.

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

Property and equipment declined by 8.5% reflecting ₱1.2 million in depreciation. Investment property decreased by 1.9%, due to ₱0.2 million in depreciation, while intangible assets decreased by 4.4% on ₱0.2 million in amortization.

Net deferred tax assets increased marginally by 0.2% to ₱22.6 million. This comprises deferred tax assets of ₱30.4 million, primarily from net operating loss for carryover, and ₱7.7 million from retirement liability, partially offset by deferred tax liabilities of ₱10.5 million from unrealized foreign exchange gains and ₱8.0 million from unrealized gain on changes in fair value of financial assets at FVOCI.

Other current assets rose by 69.2% to ₱30.1 million from ₱17.8 million, consisting mainly of ₱7.6 million in excess tax credits and ₱19.2 million in interest receivables from government fixed-income investments. Other noncurrent assets increased by ₱0.3 million mainly due to additional refundable clearing fund contributions.

Total liabilities grew by 4.5% to ₱230.7 million from ₱220.9 million at end-2024, primarily due to higher client cash balances resulting from net portfolio sales, partly offset by settlement of end-2024 accrued expenses and government payables.

Stockholders' equity grew by 1.0% to ₱2.1 billion, supported by ₱6.7 million in net income and ₱14.2 million in unrealized gains on FVOCI-classified government securities, net of tax.

4. *Material Changes in the Results of Operations*

a. March 31, 2026 vs March 31, 2025

CTS recorded revenues of ₱37.8 million for the three months ended March 2026, a 14.9% increase from ₱32.9 million in the same period of the prior year. The increase was mainly due to higher trading gains of ₱10.4 million, up from ₱7.7 million in the comparative period, complemented by interest and dividend income totaling ₱25.0 million.

Net trading gains of ₱10.4 million were largely attributable to ₱15.8 million in fair value gains on equity positions held at period-end, partially offset by ₱5.4 million in realized trading losses.

Interest income from fixed-income instruments and broker deposits amounted to ₱19.7 million, a 6.9%, or ₱1.5 million, decline from the prior period. BSP's policy rates declined from 5.75% at end-March 2025 to 4.25% at end-March 2026; despite this, the Company posted a modest increase in interest income from its fixed-income instruments to ₱19.3 million from ₱18.0 million in the comparative period. This was partially offset by decrease in interest earned on broker deposits, as these funds were deployed to finance equity securities purchases.

Gross margin improved to ₱23.7 million, or by 46.9%, from ₱16.2 million in the prior period, primarily reflecting higher revenues and lower transaction costs.

Operating expenses were well-contained at ₱8.7 million. Personnel costs, on a consolidated basis, declined by 11.6% to ₱10.6 million, largely due to savings from policy changes in unused leave conversions, partly offset by higher condominium dues, increased power costs, and additional annual maintenance costs for the Company's brokerage and financial reporting systems.

Other losses of ₱5.2 million were primarily attributable to unrealized foreign exchange losses on the Company's foreign-currency monetary assets.

Deferred income tax provision of ₱2.4 million reflects adjustments on cumulative unrealized losses on equities held and cumulative unrealized foreign exchange gains.

Overall, CTS reported net income of ₱7.4 million for the three months ended March 2026, compared with ₱6.7 million in the same period last year, an increase of 10.7%. Other comprehensive loss of ₱44.8 million primarily represents changes in cumulative fair value losses on FVOCI financial assets, net of tax.

b. March 31, 2025 vs March 31, 2024

CTS recorded revenues of ₱32.9 million for the quarter ended March 2025, a 27.2% decline from ₱45.2 million in the same period last year. The decrease was primarily driven by lower trading gains, which fell to ₱7.7 million from ₱18.7 million in the prior period. The first quarter of 2025 was marked by heightened volatility in global financial markets, driven by the U.S. administration's aggressive tariff measures, especially those targeting China, which intensified trade tensions and reignited concerns over a potential slowdown in global economic growth.

Interest income from fixed-income securities and bank deposits remained a key contributor to revenue, though it fell by 11.9% to ₱21.2 million, reflecting the impact of policy rate cuts by the local central bank – from 6.50% at end-March 2024, to 5.75% at end-March 2025. Cost of services rose modestly by 1.0%, or ₱0.2 million

As a result of the revenue drop, gross margin contracted to 49.2% from 63.5% in the same period last year, translating to ₱16.2 million versus ₱28.7 million in the prior period.

Operating expenses rose by 18.1%, or ₱1.4 million, primarily due to higher depreciation, increased utility and power costs, and higher business permit tax. Personnel costs, on a consolidated basis, declined slightly to ₱12.1 from ₱12.4 million, mainly due to lower employee leave conversion costs.

Other losses amounted to ₱5.2 million, primarily from unrealized foreign exchange loss on the Company's foreign-currency deposits with a broker abroad, as the peso strengthened to ₱57.382 per dollar at end-March 2025 from ₱58.014 at end-2024.

Due to lower margins, pre-tax income dropped to ₱1.9 million from ₱25.2 million in the same period last year.

CTS recognized an income tax benefit of ₱4.8 million, mainly from deferred tax assets related to net operating loss of ₱9.7 million for tax purposes, ₱4.7 million in unrealized trading losses, and ₱4.7 million in unrealized foreign exchange losses on foreign-currency deposits.

As a result of these factors, CTS posted net income of ₱6.7 million for the quarter ended March 2025, a 71.8% decrease from ₱23.8 million in the same quarter in 2024.

Other Matters

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

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

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

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

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

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

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

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

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PART II – OTHER INFORMATION

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

SIGNATURES

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

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

By:

Lawrence C. Lee
President and Chief Executive Officer
May 7, 2026

Edmund C. Lee
Chief Finance Officer
May 7, 2026

CTS GLOBAL EQUITY GROUP, INC.

STATEMENTS OF FINANCIAL POSITION

		March 31, 2026 (Unaudited)			December 31, 2025 (Audited)		
			Security Valuation			Security Valuation	
	Note	Money Balance	Long	Short	Money Balance	Long	Short
ASSETS							
Current Assets							
Cash and cash equivalents	6	**₱462,287,765**			₱479,032,608		
Financial assets at fair value through profit or loss (FVPL)	7	**365,106,211**	**₱365,106,211**		344,131,149	₱344,131,149	
Trade receivables	8	**105,894,856**	**1,108,775**		120,118,172	278,410,548	
Other current assets	10	**32,480,695**			19,991,151		
Total Current Assets		**965,769,527**			963,273,080		
Noncurrent Assets							
Investments in government securities	9	**1,188,193,184**			1,248,347,135		
Intangible assets	11	**4,133,812**			4,274,403		
Property and equipment	12	**12,679,101**			13,679,254		
Investment property	13	**7,553,197**			7,713,903		
Net deferred tax assets	21	**31,101,902**			18,513,434		
Other noncurrent assets	14	**14,264,017**			14,060,176		
Total Noncurrent Assets		**1,257,925,213**			1,306,588,305		
Total Assets		**₱2,223,694,740**			₱2,269,861,385		
Securities in Vault, Transfer Offices, and Philippine Depository and Trust Corporation				**₱7,736,616,746**			₱7,918,943,195
LIABILITIES AND EQUITY							
Current Liabilities							
Trade payables	15	**₱178,202,334**	**7,370,401,760**		₱183,631,860	7,296,401,498	
Current portion of lease liabilities	20	**2,079,301**			2,057,065		
Other current liabilities	16	**3,181,640**			6,024,720		
Total Current Liabilities		**183,463,275**			191,713,645		
Noncurrent Liabilities							
Lease liabilities - net of current portion	20	**1,517,504**			2,053,322		
Net retirement benefit liability	19	**33,559,741**			33,559,741		
Total Noncurrent Liabilities		**35,077,245**			35,613,063		
Total Liabilities		**218,540,520**			227,326,708		
Equity							
Capital stock	4	**687,500,000**			687,500,000		
Additional paid-in capital		**1,223,556,878**			1,223,556,878		
Retained earnings:							
Appropriated	4	**20,966,360**			20,680,849		
Unappropriated		**93,356,376**			86,203,243		
Other equity reserves		**(20,225,394)**			24,593,707		
Total Equity		**2,005,154,220**			2,042,534,677		
Total Liabilities and Equity		**₱2,223,694,740**	**₱7,736,616,746**	**₱7,736,616,746**	₱2,269,861,385	₱7,918,943,195	₱7,918,943,195

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

	Note	For the Three Months Ended March 31 2026	2025
REVENUES			
Interest	6	**₱19,739,729**	₱21,196,876
Trading gains on financial assets at FVPL - net	7	**10,410,001**	7,725,549
Dividends	7	**5,312,415**	2,890,197
Commissions		**2,340,171**	1,085,640
		37,802,316	32,898,262
COSTS OF SERVICES			
Personnel costs	18	**7,464,748**	8,445,928
Commissions		**2,592,083**	3,049,881
Transaction costs		**2,348,068**	3,384,700
Research		**704,915**	682,033
Stock exchange dues and fees		**465,064**	644,710
Communications		**259,313**	297,438
Central depository fees		**200,674**	214,662
		14,034,865	16,719,352
GROSS PROFIT		**23,767,451**	16,178,910
OPERATING EXPENSES			
Personnel costs	18	**3,199,178**	3,619,683
Insurance and bonds		**565,621**	604,546
Condominium dues, power, and water		**657,236**	615,095
Trainings and seminars		**503,611**	728,953
Security services		**333,221**	307,033
Professional fees		**247,500**	50,000
Repairs and maintenance		**243,294**	92,088
Taxes and licenses		**228,989**	500,000
Communications		**198,080**	197,230
Subscriptions		**96,919**	69,173
Directors' fees		**80,000**	40,000
Office supplies		**83,721**	48,441
Membership fees and dues		**69,897**	70,522
Custodian fees		**45,000**	45,920
Transportation and travel		**21,050**	17,674
Others		**425,756**	414,052
		6,999,073	7,420,410
Depreciation and amortization	11	**1,510,055**	1,535,971
Interest expense		**186,257**	87,434
Reversal for credit losses	8	**(3,091)**	–
		8,692,294	9,043,815
OTHER INCOME (LOSSES)			
Net foreign exchange gains (losses)		**(5,285,293)**	(4,715,725)
Loss on sale of investment in government securities		**–**	(486,894)
		(5,285,293)	(5,202,619)
INCOME BEFORE INCOME TAX		**₱9,789,864**	₱1,932,476

(Forward)

	Note	For the Three Months Ended March 31	
		2026	2025
INCOME BEFORE INCOME TAX		**₱9,789,864**	₱1,932,476
INCOME TAX EXPENSE (BENEFIT FROM)	21		
Current		**–**	–
Deferred		**2,351,232**	(4,786,355)
		2,351,232	(4,786,355)
NET INCOME		**7,438,632**	6,718,831
OTHER COMPREHENSIVE INCOME (LOSS)			
To be reclassified to profit or loss in subsequent periods	9		
Unrealized gain (loss) on debt securities at FVOCI		**(59,758,801)**	18,997,360
Deferred income tax benefit (expense)		**14,939,700**	(4,749,340)
		(44,819,101)	14,248,020
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱37,380,469)**	₱20,966,851
Basic/Diluted Earnings Per Share	22	**₱0.001082**	₱0.000977

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2026

(With Comparative Figures for the Three Months Ended March 31, 2025)

	Note	Capital Stock	Additional Paid-In Capital	Retained Earnings Appropriated	Retained Earnings Unappropriated	Retained Earnings Total	Other Equity Reserves: Cumulative Unrealized Gains (Losses) on Financial Assets at FVOCI (net of deferred tax)	Other Equity Reserves: Cumulative Remeasurement Gains on Net Retirement Benefit Liability (net of deferred tax)	Total Equity
Balances December 31, 2025		**₱687,500,000**	**₱1,223,556,878**	**₱20,680,849**	**₱86,203,255**	**₱106,884,104**	**₱21,130,830**	**₱3,462,877**	**₱2,042,534,689**
Net income		**–**	**–**	**–**	**7,438,632**	**7,438,632**	**–**	**–**	**7,438,632**
Appropriation	**4**	**–**	**–**	**285,511**	**(285,511)**	**–**	**–**	**–**	**–**
Other comprehensive loss	**9**	**–**	**–**	**–**	**–**	**–**	**(44,819,101)**	**–**	**(44,819,101)**
Balances at March 31, 2026		**₱687,500,000**	**₱1,223,556,878**	**₱20,966,360**	**₱93,356,376**	**₱114,322,736**	**(₱23,688,271)**	**₱3,462,877**	**₱2,005,154,220**

	Note	Capital Stock	Additional Paid-In Capital	Retained Earnings Appropriated	Retained Earnings Unappropriated	Retained Earnings Total	Other Equity Reserves: Cumulative Unrealized Gains on Financial Assets at FVOCI (net of deferred tax)	Other Equity Reserves: Cumulative Remeasurement Gains on Net Retirement Benefit Liability (net of deferred tax)	Total Equity
Balances at December 31, 2024		₱687,500,000	₱1,223,556,878	₱14,227,456	₱119,831,530	₱134,058,986	₱9,613,643	₱1,928,257	₱2,056,657,764
Net income		–	–	–	6,718,831	6,718,831	–	–	6,718,831
Appropriation	4	–	–	6,453,393	(6,453,393)	–	–	–	–
Other comprehensive income	9	–	–	–	–	–	14,248,020	–	14,248,020
Balances at March 31, 2025		₱687,500,000	₱1,223,556,878	₱20,680,849	₱120,096,968	₱140,777,817	₱23,861,663	₱1,928,257	₱2,077,624,615

CTS GLOBAL EQUITY GROUP, INC.

UNAUDITED STATEMENTS OF CASH FLOWS

		For the Three Months Ended March 31	
	Note	**2026**	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱9,789,864**	₱1,932,476
Adjustments for:			
Interest income	6	**(19,739,729)**	(21,196,876)
Unrealized fair value losses (gains) on financial assets at FVPL - net	7	**(15,813,282)**	4,715,111
Dividend income	7	**(5,312,415)**	(2,890,197)
Unrealized foreign exchange losses - net		**5,285,293**	4,715,725
Depreciation and amortization	11	**1,510,056**	1,535,971
Interest expense	20	**53,567**	25,133
Recovery for credit losses	8	**(3,091)**	–
Operating loss before working capital changes		**(24,229,737)**	(11,162,657)
Decrease (increase) in:			
Financial assets at FVPL		**(5,161,781)**	(108,342,721)
Trade receivables		**8,854,076**	50,681,732
Other current assets		**(181,816)**	251,862
Other noncurrent assets		**(203,841)**	(321,425)
Investment in government securities		–	21,359,544
Increase (decrease) in:			
Trade payables		**(5,429,526)**	21,438,465
Other current liabilities		**(2,843,080)**	(11,051,419)
Net cash used for operations		**(29,195,705)**	(37,146,619)
Interest received		**7,829,116**	9,322,674
Dividend received		**5,319,752**	2,889,183
Income taxes paid		**(5,712)**	(3,863)
Net cash used in operating activities		**(16,052,549)**	(24,938,625)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	12	**(208,605)**	(30,385)
Net cash provided used in investing activities		**(208,605)**	(30,385)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	20	**(567,150)**	(574,684)
Net cash used in financing activities		**(567,150)**	(574,684)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(16,828,304)**	(25,543,694)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**83,461**	(42,241)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**479,032,608**	440,287,230
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	**₱462,287,765**	₱414,701,295

See accompanying Notes to Financial Statements.

CTS GLOBAL EQUITY GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

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

On April 13, 2022, the Company was listed in the PSE under the stock symbol CTS. The Company listed 1,375.0 million common shares at an offer price of ₱1.00 per share. The total proceeds, net of offer expenses incidental to initial public offering (IPO), amounted to ₱1,353.3 million (see Note 4).

As at December 31, 2025, the IPO proceeds were fully utilized. The utilization was consistent with the planned allocation and aligned with the Company's long-term strategic objectives, specifically to support the scaling of global trading operations and capitalize on investment opportunities (see Note 4).

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

2. Summary of Material Accounting Policy Information

<u>Basis of Preparation</u>

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

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 Amendments to PFRS Accounting Standards
The accounting policies adopted are consistent with those of the previous financial year. There are no issued amendments to PFRS Accounting Standards which are effective as at January 1, 2026, that has significant impact on the Company's financial statements.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective or Adopted
Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at January 1, 2026 and have not been applied in preparing the financial statements, are summarized below:

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

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

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

<u>Classification of Assets and Liabilities between Current and Noncurrent</u>

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.

<u>Financial Instruments</u>

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

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

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

Financial Assets

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

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

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

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

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

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

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

As at March 31, 2026 and December 31, 2025, the Company's cash and cash equivalents, trade receivables, certain government securities, interest receivables, receivables from employees, and dividends receivable (included under "Other current assets" account in the statements of financial position), and refundable deposits (included under "Other noncurrent assets" account in the statements of financial position) are classified under this category (see Notes 6, 8, 9, 10, and 14).

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

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

This category includes equity instruments that the Company had not irrevocably elected to classify at FVOCI at initial recognition.

Dividends from equity instruments held at FVPL are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment.

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

As at March 31, 2026 and December 31, 2025, the Company's investments in publicly traded 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 other comprehensive income (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 March 31, 2026 and December 31, 2025, certain investments in government securities are classified under this category (see Note 9).

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Liabilities

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

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

As at March 31, 2026 and December 31, 2025, 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 March 31, 2026 and December 31, 2025, the Company's trade payables, other current liabilities (excluding taxes payable and 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, exchange trading right, and intangible asset under development.

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

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

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

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.

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
Leasehold improvements	10 or lease term, whichever is shorter
Office condominium units and improvements	10 to 20
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.

Construction in progress represents properties under construction and is stated at cost, including costs of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

Investment Property

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

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

Depreciation of investment property is calculated on a straight-line basis over a 20-year estimated useful life. The estimated useful life and depreciation method are reviewed periodically to ensure that these are consistent with expected pattern of economic benefits of investment property.

Investment property is derecognized when either they have been disposed of or the investment property is permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment property are recognized in profit or loss in the period of retirement or disposal.

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

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

Other Nonfinancial Assets

Other nonfinancial assets pertain to excess tax credits and prepayments.

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

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

Impairment of Nonfinancial Assets

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

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

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

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

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

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

Equity

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Employee Benefits</u>

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

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

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

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

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

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

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

Leases

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

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

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

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

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

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

- The amount of the initial measurement of lease liability;

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

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

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

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

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

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

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

Income Taxes

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

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

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

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

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

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

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

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

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

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

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

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

Segment Reporting
The Company reports separate information about each operating segment identified. An operating

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

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

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

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

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

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 depend 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 March 31, 2026 and December 31, 2025, the Company's investments in publicly traded equity securities are classified as financial assets at FVPL (see Note 7).

In 2025, the Company reclassified its financial assets at amortized cost to financial assets at FVOCI, following a change in its business model. The revised model emphasizes active portfolio management, including diversification, duration and credit risk management, and ongoing monitoring of economic conditions to support the Company's investment objectives. The reclassification was applied prospectively in accordance with PFRS 9. Accordingly, the Company's investments in government securities are classified as financial assets at FVOCI as at March 31, 2026 and December 31, 2025 (see Note 9).

Cash and cash equivalents, trade receivables, certain investments in government securities in 2024, interest receivables, receivables from employees and dividends receivable (included under "Other current assets" account in the statements of financial position), and refundable deposits (included under "Other noncurrent assets" account in the statements of financial position) were classified as financial assets at amortized cost because the Company's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows solely for principal and interest (see Notes 6, 8, 9, 10, and 14).

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

The 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 March 31, 2026 and December 31, 2025, the Company determined that it has two operating segments, which pertain to local and global trading (see Note 23).

Evaluation of the Adequacy of Tax Liabilities. The Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Accounting Estimates and Assumptions

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

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

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

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

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

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

Reversal of ECL was made on March 31, 2026. The carrying amounts of trade receivables and related allowance for credit losses as at March 31, 2026 and December 31, 2025 are disclosed in Note 8 to the financial statements.

Assessment of the ECL on Investment in Government Securities and Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL using the general approach. The Company calculates ECL for its investment in government securities measured at FVOCI and amortized cost, and 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 its investment in government securities and 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 the Philippine government, 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 March 31, 2026 and 2025.

The carrying amounts of the investments in government securities measured at FVOCI and amortized cost, and other financial assets at amortized cost (cash and cash equivalents, interest receivables, receivables from employees, dividends receivable, refundable deposits) as at March 31, 2026 and December 31, 2025 are disclosed in Notes 6, 9, 10, and 14 to the financial statements.

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

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

There is no change in the estimated useful lives of software and licenses, property and equipment, and investment property in March 31, 2026 and 2025.

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

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

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

No impairment loss was recognized on intangible assets, property and equipment, investment property, and other nonfinancial assets in March 31, 2026 and 2025.

The carrying amounts of the nonfinancial assets (other current assets excluding interest receivables, receivables from employees, and dividends receivable, intangible assets, property and equipment, investment property, and other noncurrent assets excluding refundable deposits) as at March 31, 2026 and December 31, 2025 are disclosed in Notes 10, 11, 12, 13, and 14 to the financial statements.

Assessment for Impairment of the Exchange Trading Right. Exchange trading right, which is carried at cost less any allowance for impairment loss, is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying values may be impaired.

No impairment loss on exchange trading right was recognized in March 31, 2026 and 2025. The carrying amount of exchange trading right as at March 31, 2026 and December 31, 2025 is disclosed in Note 11 to the financial statements.

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

The Company has applied weighted average IBR ranging from 5.38% to 6.05% in March 31, 2026 and December 31, 2025 for the computation of lease liabilities and ROU assets.

The carrying amounts of ROU assets and lease liabilities as at March 31, 2026 and December 31, 2025 are disclosed in Note 20 to the financial statements.

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

The carrying amounts of net retirement benefit liability as at March 31, 2026 and December 31, 2025 are disclosed in Note 19 to the financial statements.

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

Recognized and unrecognized deferred tax assets as at March 31, 2026 and December 31, 2025 are disclosed in Note 21 to the financial statements. The management believes that the Company will be able to generate sufficient taxable income against which these deferred tax assets can be utilized.

4. Financial Risk Management Objectives and Policies

The main risks arising from the Company's use of financial instruments include credit risk, liquidity risk, and market risks. 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.

	March 31, 2026 (Unaudited)					
	12 month ECL					
	High Grade	Standard Grade	Substandard Grade	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Total
Financial assets at amortized cost:						
Cash in banks and cash equivalents	**₱462,257,765**	**₱–**	**₱–**	**₱–**	**₱–**	**₱462,257,765**
Trade receivables	–	–	–	**105,894,856**	**348,660**	**106,243,516**
Interest receivables*	**21,968,387**	–	–	–	–	**21,968,387**
Receivables from employees*	–	**358,701**	–	–	–	**358,701**
Dividends receivable*	**7,458**	–	–	–	–	**7,458**
Refundable deposits**	**13,658,513**	**307,265**	–	–	–	**13,965,778**
Financial asset at FVOCI -						
Investment in government securities	**1,188,193,184**	–	–	–	–	**1,188,193,184**
	₱1,686,085,307	**₱665,966**	**₱–**	**₱105,894,856**	**₱348,660**	**₱1,792,994,789**

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

	December 31, 2025 (Audited)					
	12 month ECL					
	High Grade	Standard Grade	Substandard Grade	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Total
Financial assets at amortized cost:						
Cash in banks and cash equivalents	₱479,002,608	₱–	₱–	₱–	₱–	₱479,002,608
Trade receivables	–	–	–	120,118,172	351,751	120,469,923
Interest receivables*	9,659,088	–	–	–	–	9,659,088
Receivables from employees*	–	575,122	–	–	–	575,122
Dividends receivable*	14,741	–	–	–	–	14,741
Refundable deposits**	13,479,652	297,265	–	–	–	13,776,917
Financial asset at FVOCI -						
Investment in government securities	1,248,347,135	–	–	–	–	1,248,347,135
	₱1,750,503,224	₱872,387	₱–	₱120,118,172	₱351,751	₱1,871,845,534

**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 description of the credit grades used by the Company in evaluating financial assets follows:

High Grade - This pertains to accounts with a very low probability of default as demonstrated by the counterparty's long history of stability, profitability and diversity. The counterparty has the ability to raise substantial amount of funds through the public markets. The counterparty has a strong debt service record and a moderate use of leverage.

Standard Grade - The counterparty has no history of default. The counterparty has sufficient liquidity to fully service its debt over the medium term. The counterparty has adequate capital to readily absorb any potential losses from its operations and any reasonably foreseeable contingencies.

Substandard Grade - The counterparty is expected to be able to adjust to the cyclical downturns in its operations. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. Operating performance could be marginal or on the decline. The counterparty may have history of default in interest but must have regularized its service record to date. The use of leverage is above industry standards but has contributed to shareholder value.

Credit-impaired financial assets pertain to trade receivables that were deemed uncollectible with carrying amount of ₱0.3 and ₱0.4 as at March 31, 2026 and December 31, 2025, respectively.

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

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

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

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

	March 31, 2026 (Unaudited)		
Days from Transaction Date of Counterparty	**Amount**	**Collateral (Net of Haircut)**	**Counterparty Exposure**
1 - 2 days	**₱34,301**	**₱718,861**	**₱–**
3 - 13 days	**–**	**–**	**–**
14 - 31 days	**–**	**–**	**–**
Over 31 days	**349,385**	**1,843**	**348,660**
	₱383,686	**₱720,704**	**₱348,660**

	December 31, 2025 (Audited)		
Days from Transaction Date of Counterparty	Amount	Collateral (Net of Haircut)	Counterparty Exposure
1 - 2 days	₱941,207	₱21,315,690	₱–
3 - 13 days	8,875	838,338	178
14 - 31 days	–	–	–
Over 31 days	973,510	161,428,768	351,573
	₱1,923,592	₱183,582,796	₱351,751

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

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

As at March 31, 2026 and December 31, 2025, receivables from customers arising from brokering transactions, which amounted to ₱0.4 million and ₱1.9 million, respectively, are secured by collateral comprising of equity securities of listed companies with a total market value of ₱1.1 million and ₱278.4 million, respectively (see Note 8).

Receivables from other brokers pertain to funds held by other brokers for the Company's global trading activities. Receivables from customers arising from client advisory services pertain to receivables from the Company's consultancy services for customers who intend to trade in global stock markets. The Company has assessed that ECL on these receivables are insignificant because the counterparties are companies with good credit standing and low risk of defaults. Further, the funds held by other brokers as at the end of the reporting period were subsequently reinvested to various equity and debt securities in other foreign markets. On the other hand, receivables from clearing house are due and collectible after two business days from the transaction date.

Accordingly, no provision for credit losses was recognized on receivables from other brokers, receivables from clearing house, and receivables from customers arising from client advisory services in March 31, 2026 and 2025.

Investments in Government Securities and Other Financial Assets at Amortized Cost
It is the Company's policy to measure ECL on investment in government securities measured at FVOCI and amortized cost, and other financial assets at amortized cost on a 12-month basis. However, when

there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company has assessed that, considering the factors discussed in Note 3 to the financial statements, the ECL on investments in government securities and other financial assets at amortized cost is insignificant because the transactions with respect to these financial assets are with the Philippine government, and reputable banks and companies with good credit standing and low risk of defaults. Accordingly, no provision for credit losses was recognized in March 31, 2026 and 2025 on investment in government securities and other financial assets at amortized cost.

Liquidity Risk

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

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

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

	March 31, 2026 (Unaudited)				
	On Demand	**1 to 3 Months**	**More than 3 Months to 12 Months**	**More than 1 Year to 5 Years**	**Total**
Trade payables	**₱178,202,334**	**₱–**	**₱–**	**₱–**	**₱178,202,334**
Lease liabilities	**–**	**552,150**	**1,671,850**	**1,554,910**	**3,778,910**
Other current liabilities*	**–**	**2,038,133**	**–**	**–**	**2,038,133**
	₱178,202,334	**₱2,590,283**	**₱1,671,850**	**₱1,554,910**	**₱184,019,377**

**Excluding statutory liabilities amounting to ₱1.1 million as at March 31, 2026.*

	December 31, 2025 (Audited)				
	On Demand	1 to 3 Months	More than 3 to 12 Months	More than 1 to 5 Years	Total
Trade payables	₱183,631,860	₱–	₱–	₱–	₱183,631,860
Lease liabilities	–	567,150	1,662,610	2,116,300	4,346,060
Other current liabilities*	435,878	438,883	3,915,603	–	4,790,364
	₱184,067,738	₱1,006,033	₱5,578,213	₱2,116,300	₱192,768,284

**Excluding statutory liabilities amounting to ₱1.2 million as at December 31, 2025.*

Market Risks

The Company is exposed to market risks, primarily those related to foreign currency risk, equity price risk and interest rate 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:

	March 31, 2026 (Unaudited)			
	US Dollar	**Philippine Peso**	**ID Rupiah**	**Philippine Peso**
Cash in banks	**$40,960**	**₱2,487,882**	**Rp–**	**₱–**
Receivables from other brokers	**1,742,775**	**105,856,149**	**1,022,373**	**3,681**
Interest receivable	**1,066**	**64,728**	**–**	**–**
Dividends receivable	**123**	**7,458**	**–**	**–**
	$1,784,924	**₱108,416,217**	**Rp1,022,373**	**₱3,681**

	December 31, 2025 (Audited)			
	US Dollar	Philippine Peso	ID Rupiah	Philippine Peso
Cash in banks	$49,084	₱2,886,364	Rp–	₱–
Receivables from other brokers	1,820,142	107,033,444	1,022,286	3,578
Interest receivable	859	50,533	–	–
Dividends receivable	251	14,741	–	–
	$1,870,336	₱109,985,082	Rp1,022,286	₱3,578

For purposes of restating the outstanding balances of the Company's foreign currency-denominated monetary financial assets as at March 31, 2025, the exchange rates applied are ₱ 60.74, and ₱0.0036 per US$1 and IDR1, respectively. As at December 31, 2025, the exchange rates applied were ₱58.81 and ₱0.0035 per US$1 and IDR1, respectively.

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

	Increase/Decrease in Exchange Rate		Effect on Income Before Income Tax	
	US Dollar	ID Rupiah	US Dollar	ID Rupiah
March 31, 2026	**0.82**	**0.00005**	**₱1,455,815**	**₱50**
(Unaudited)	**-0.82**	**(0.00005)**	**(1,455,815)**	**(50)**
December 31, 2025	1.03	0.0001	₱1,926,446	₱102
(Audited)	-1.03	-0.0001	(1,926,446)	(102)

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.

Interest Rate Risk. Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates to the Company's cash in banks and cash equivalents, and investments in government securities. These interest-bearing financial instruments have fixed interest rates.

The Company calculates price volatility through modified duration in case of changes in fair value interest rate risk. Modified duration was computed as the government securities remaining term discounted by the prevailing market yield as at March 31, 2026 and December 31, 2025. A parallel shift of 15 basis points (bps) was applied to the market yield for each government security and the analysis assumes all other variables are held constant.

The table below sets forth the impact of change in the Company's other comprehensive income on changes in fair value interest rates of its investments in government securities.

	March 31, 2026 (Unaudited)		
	Fair Value	**-15 bps**	**+15 bps**
Investment in government securities	**₱1,188,193,184**	**₱22,025,172**	**(₱22,025,174)**
As percentage of investment in government securities		**2%**	**-2%**

	December 31, 2025 (Audited)		
	Fair Value	-15 bps	+15 bps
Investment in government securities	₱1,248,347,135	₱23,798,366	(₱23,798,364)
As percentage of investment in government securities		2%	-2%

Capital Management

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

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

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

Required Capitalization for Broker/Dealers

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

Unimpaired paid-up capital pertains to the Company's paid-up capital less any deficit. The unimpaired paid-up capital of the Company amounted to ₱ 1,911.1 million as at March 31, 2026 and December 31, 2025.

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

	March 31, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized Capital Stock				
Balance at beginning of year	**8,000,000,000**	**₱800,000,000**	8,000,000,000	₱800,000,000
Balance at end of year	**8,000,000,000**	**₱800,000,000**	8,000,000,000	₱800,000,000
Issued and Outstanding				
Balance at beginning of year	**6,875,000,000**	**₱687,500,000**	6,875,000,000	₱687,500,000
Balance at end of year	**6,875,000,000**	**₱687,500,000**	6,875,000,000	₱687,500,000

On April 13, 2022, the Company's shares were listed in the PSE and the Company 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. Offer expenses incidental to the IPO amounted to ₱21.7 million, ₱13.9 million of which are recognized as deduction to the additional paid-in capital. The total proceeds, net of offer expenses incidental to the IPO, amounted to ₱1,353.3 million.

In 2025, the Company applied IPO proceeds to support the scaling of global trading operations, through acquisition of additional investments in government securities amounting to ₱781.2 million (see Note 9). As at December 31, 2025, the total proceeds from the IPO were fully utilized. The utilization was consistent with the planned allocation and aligned with the Company's long-term strategic objectives, specifically to support the scaling of global trading operations and capitalize on investment opportunities.

As at March 31, 2026 and December 31, 2025, there were four holders of the listed shares of the Company, with its share price closing at ₱0.38 and ₱0.36 per share, respectively.

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

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

Reserve Fund

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

The Company appropriated a reserve fund amounting to ₱0.3 million, ₱6.5 million, and ₱2.3 million in 2026, 2025 and 2024, respectively.

The total amount of appropriated retained earnings amounted to ₱21.0 million, ₱20.7 million, and ₱14.2 million as at March 31 2026, December 31, 2025 and 2024, respectively.

Net Liquid Capital (NLC)

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

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

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

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

- Adding unrealized gains (or deducting unrealized losses) in the accounts of the Company;
- Deducting fixed assets and assets which cannot be readily converted into cash (less any AI in accordance with SRC Rule 49.1);
- Deducting general guarantees and indemnities for loans and indebtedness other than those

incurred by the Company, unless otherwise permitted by the SEC; and
- Deducting long and short securities differences.

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

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
NLC:		
Equity eligible for NLC	**₱1,961,491,507**	₱2,002,943,583
Less ineligible assets	**49,134,976**	50,127,687
	1,912,356,531	1,952,815,896
Required NLC:		
Higher of:		
5% of AI	**10,298,985**	10,312,452
Minimum amount	**5,000,000**	5,000,000
	10,298,985	10,312,452
Net risk-based capital excess	**₱1,902,057,546**	₱1,942,503,444

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 11% as at March 31, 2026 and December 31, 2025.

RBCA Requirement/Ratio

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

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

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
NLC	**₱1,912,356,531**	₱1,952,815,896
TRCR:		
ORR	**28,451,855**	29,081,322
Credit risk	**72,124,264**	72,438,509
Position risk	**206,121,548**	203,578,063
Total risk capital requirement	**₱306,697,667**	₱305,097,894
RBCA Ratio	**624%**	640%

As at March 31, 2026 and December 31, 2025, 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:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Capital stock	**₱687,500,000**	₱687,500,000
Beginning retained earnings	**106,884,104**	134,058,986
Additional paid-capital	**1,223,556,878**	1,223,556,878
Less: Dividends declared	**–**	(30,030,000)
Core equity	**2,017,940,982**	2,015,085,864
ORR	**28,451,855**	29,081,322
Ratio of Core Equity to ORR	**7,092%**	6,929%

As at March 31, 2026 and December 31, 2025, the Company is compliant with the required ratio of core equity to ORR.

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:

		March 31, 2026 (Unaudited)			
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	7	**₱365,106,211**	**₱365,106,211**	**₱–**	**₱–**
Investments in government securities measured at FVOCI	9	**1,188,193,184**	**1,188,193,184**	**–**	**–**
Asset for which fair value is disclosed - Investment property	13	**7,553,197**	**–**	**46,506,748**	**–**
		₱1,560,852,592	**₱1,553,299,395**	**₱46,506,748**	**₱–**

			December 31, 2025 (Audited)		
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	7	₱344,131,149	₱344,131,149	₱–	₱–
Investments in government securities measured at FVOCI	9	1,248,347,135	1,248,347,135	–	–
Asset for which fair value is disclosed -				–	
Investment property	13	7,713,903	–	46,506,748	–
		₱1,600,192,187	₱1,592,478,284	₱46,506,748	₱–

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 March 31, 2026 and December 31, 2025 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. The Company's investments in government securities measured at FVOCI and amortized cost as at March 31, 2026 and December 31, 2025 are carried at fair values based on sources classified under Level 1 category.

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

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

The Company has determined that the current use of its investment property as at March 31, 2026 and December 31, 2025 is its highest and best use.

There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in March 31, 2026 and December 31, 2025.

The tables below present the financial assets and liabilities whose carrying amounts approximate their fair values:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Financial assets at amortized cost:		
Cash and cash equivalents	**₱462,287,765**	₱479,032,608
Trade receivables	**105,894,856**	120,118,172
Interest receivables*	**21,968,387**	9,659,088
Receivables from employees*	**358,701**	575,122
Dividends receivable*	**7,458**	14,741
Refundable deposits**	**13,965,778**	13,776,917
	₱604,482,945	623,176,648

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Other financial liabilities at amortized cost:		
Trade payables	**₱ 178,202,334**	₱183,631,860
Other current liabilities*	**2,038,133**	4,790,364
	₱ 180,240,467	₱188,422,224

**Excluding statutory liabilities aggregating to ₱1.1 million and ₱1.2 million as at March 31, 2026 and December 31, 2025, respectively.*

Current Financial Assets and Liabilities. The carrying amounts of cash and cash equivalents, trade receivables, interest receivables, receivables from employees, dividends receivable 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:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash on hand and in banks	**₱84,940,619**	₱156,200,969
Short-term placements	**377,347,146**	322,831,639
	₱462,287,765	₱479,032,608

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 2.50% to 5.25% and 3.30% to 6.10% per annum in March 31, 2026 and December 31, 2025, respectively.

Interest income was derived from:

	Note	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Investments in government securities	9	**₱16,184,455**	₱15,898,945
Short-term placements		**3,124,034**	2,145,458
Cash in banks		**431,240**	429,933
Receivables from other brokers	8	**–**	2,722,540
		₱19,739,729	₱21,196,876

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 ₱450.3 million and ₱467.7 million as at March 31, 2026 and December 31, 2025, respectively. The Company's reserve requirement is determined weekly based on the SEC's prescribed computation. As at March 31, 2026 and December 31, 2025, 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 and other global stock exchanges as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Equity investments:		
Local	**₱48,312,263**	₱31,836,361
Global	**316,793,948**	312,294,788
	₱365,106,211	₱344,131,149

The Company's financial assets at FVPL as at March 31, 2026 and December 31, 2025 are carried at fair values based on prevailing quoted market prices or bidding dealer price quotations from active markets as at the reporting date (see Note 5).

Dividend income earned from investments in equity securities amounted to ₱5.3 million and ₱2.9 million in March 31, 2026 and 2025, respectively.

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

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Realized trading gains (losses) on sale of stocks held for:		
Global trading	**(₱11,027,161)**	₱853,477
Local trading	**₱5,623,881**	11,587,183
Unrealized gains (losses) on fair value changes of stocks held for:		
Global trading	**17,606,311**	1,360,934
Local trading	**(1,793,030)**	(6,076,045)
	₱10,410,001	₱7,725,549

8. **Trade Receivables**

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Receivables from:		
Other brokers	**₱105,859,830**	₱107,037,022
Clearinghouse	**–**	11,455,249
Customers	**383,686**	1,977,652
	106,243,516	120,469,923
Less: allowance for credit losses	**348,660**	351,751
	₱105,894,856	₱120,118,172

Receivables from other brokers pertain to the funds deposited with other brokers as at March 31, 2026 and December 31, 2025 in order for the Company to trade in other foreign markets. Interest income earned from receivables from other brokers amounted to nil and ₱2.7M million in March 31, 2026 and 2025, respectively (see Note 6).

Receivables from clearing house are due and collectible after two business days from the transaction date. Accordingly, balances as at March 31, 2026 and December 31, 2025, were fully collected in April 2026 and January 2026, respectively.

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

	March 31, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Money Balances	Security Valuation - Long	Money Balances	Security Valuation - Long
Cash and fully secured accounts:				
More than 250%	**35,026**	**1,108,775**	₱1,572,019	₱278,410,548
Between 200% and 250%	**–**	**–**	–	–
Between 150% and 200%	**–**	**–**	–	–
Between 100% and 150%	**–**	**–**	–	–
Partially secured accounts	**–**	**–**	–	–
Unsecured accounts	**348,660**	**–**	351,573	–
	383,686	**1,108,775**	1,923,592	278,410,548
Less allowance for credit losses	**348,660**	**–**	351,751	–
	₱35,026	**₱1,108,775**	₱1,571,841	₱278,410,548

Collaterals related to receivables from customers arising from brokering transactions pertain to listed equity securities amounting to ₱1.1 million and ₱278.4 million as at March 31, 2026 and December 31, 2025, 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.

The outstanding balance of trade receivables from a related party amounted to nil and 0.6 million as at March 31, 2026 and December 31, 2025 (see Note 17).

Receivables from customers arising from client advisory services amounting to nil and ₱54,060 as at March 31, 2026 and December 31, 2025, respectively, are due within 30 days from the reporting date.

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of year	**₱351,751**	₱356,878
Reversal of credit losses	**(3,091)**	(5,127)
Ending Balance	**₱348,660**	₱351,751

9. Investments in Government Securities

The movements in the Company's investments in government securities measured at FVOCI and at amortized cost are as follows:

	March 31, 2026 (Unaudited)		
	Financial Assets at		
	FVOCI	**Amortized Cost**	**Total**
Balance at beginning of year	**₱1,248,347,135**	**₱–**	**₱1,248,347,135**
Net amortization premium	**(395,150)**	**–**	**(395,150)**
Net unrealized fair value gains	**(59,758,801)**	**–**	**(59,758,801)**
Balance at end of year	**₱1,188,193,184**	**₱–**	**₱1,188,193,184**

	December 31, 2025 (Audited)		
	Financial Assets at		
	FVOCI	Amortized Cost	Total
Balance at beginning of year	₱787,172,302	₱464,463,427	₱1,251,635,729
Acquisition	874,865,015	–	874,865,015
Reclassification:			
Investment at carrying amount	464,463,427	(464,463,427)	–
Reclassification gain	16,346,976	–	16,346,976
Disposal:			
Investment at carrying amount	(890,976,345)	–	(890,976,345)
Cumulative unrealized gain on changes in fair value	(8,231,664)	–	(8,231,664)
Net amortization premium	(2,533,514)	–	(2,533,514)
Net unrealized fair value gains	7,240,938	–	7,240,938
Balance at end of year	₱1,248,347,135	₱–	₱1,248,347,135

Acquisition

In various dates in 2025, the Company purchased investments in government securities amounting to ₱874.9 million, ₱781.2 million of which were funded through IPO proceeds.

Reclassification

Effective January 1, 2025, the Company reclassified its financial assets at amortized cost amounting to ₱464.5 million to financial asset at FVOCI, following a change in its business model. The revised model emphasizes active portfolio management, including diversification, duration and credit risk management, and ongoing monitoring of economic conditions to support the Company's investment objectives. The reclassification was applied prospectively in accordance with PFRS 9.

The reclassification resulted in a gain of ₱16.3 million recognized in OCI in 2025, as follows:

Fair value at date of reclassification	₱480,810,403
Carrying amount at date of reclassification	464,463,427
Gain on reclassification	₱16,346,976

Reclassification gain arising from a difference between the carrying amount and fair value of the financial asset at date of reclassification is recognized in OCI.

Disposal

In various dates in 2025, the Company disposed of certain financial assets at FVOCI. The details of disposal are as follows:

Net proceeds from disposal	₱896,753,502
Less fair value of investment in government securities	(899,208,009)
	(2,454,507)
Cumulative unrealized gain on changes in fair value of debt securities at FVOCI - reclassified to profit or loss	8,231,664
Gain on sale of government securities	₱5,777,157

Interest income from financial assets at FVOCI amounted to ₱16.2M million and ₱15.9 million in March 31, 2026 and 2025, respectively (see Note 6). The interest rates range from 6.75% to 7.50% and 6.9% to 7.5% p.a. in March 31, 2026 and 2025, respectively.

Cumulative Unrealized Gains (Losses)

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

	March 31, 2026 (Unaudited)		
	Cumulative Unrealized Gains	**Deferred Tax Benefit (Expense)**	**Net**
Balances at beginning of year	**₱28,174,441**	**(₱7,043,611)**	**₱21,130,830**
Unrealized loss	**(59,758,801)**	**14,939,700**	**(44,819,101)**
Balances at end of year	**(₱31,584,360)**	**₱7,896,089**	**(₱23,688,271)**

	December 31, 2025 (Audited)		
	Cumulative Unrealized Gains	Deferred Tax Benefit (Expense)	Net
Balances at beginning of year	₱12,818,191	(₱3,204,548)	₱9,613,643
Reclassification gain recognized in OCI	16,346,976	(4,086,744)	12,260,232
Cumulative unrealized gain on changes in fair value of disposed debt securities at FVOCI - reclassified to profit or loss	(8,231,664)	2,057,916	(6,173,748)
Unrealized gain	7,240,938	(1,810,235)	5,430,703
Balances at end of year	₱28,174,441	(₱7,043,611)	₱21,130,830

The Company's financial assets at FVOCI as at March 31, 2026 and December 31, 2025 are carried at fair values based on prevailing quoted market prices or bidding dealer price quotations from active markets as at the reporting date (see Note 5).

10. Other Current Assets

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Interest receivables	**₱21,968,387**	₱9,659,088
Excess tax credits	**7,672,769**	7,669,122
Prepayments	**1,640,487**	1,576,301
Receivable from employees	**358,701**	575,122
Input VAT	**646,102**	106,154
Dividends receivable	**7,458**	14,741
Others	**186,791**	390,623
	₱32,480,695	₱19,991,151

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

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

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

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

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

11. **Intangible Assets**

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Software and licenses	**₱3,358,812**	₱3,499,403
Exchange trading right	**475,000**	475,000
Intangible assets under development	**300,000**	300,000
	₱4,133,812	₱4,274,403

<u>Software and Licenses</u>

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Cost		
Balance at beginning of year	**₱7,908,827**	₱7,908,827
Balance at end of year	**7,908,827**	7,908,827
Accumulated Amortization		
Balance at beginning of year	**4,409,424**	3,715,052
Amortization	**140,591**	694,372
Balance at end of year	**4,550,015**	4,409,424
Carrying Amount	**₱3,358,812**	₱3,499,403

<u>Exchange Trading Right</u>

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 March 31, 2026 and December 31, 2025, the carrying amount of the exchange trading right is ₱0.5 million.

As at March 31, 2026 and December 31, 2025, the latest transacted price of the exchange trading right, as provided by the PSE, is ₱7.7 million.

<u>Intangible Assets Under Development</u>

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

Details of depreciation and amortization are as follows:

	Note	**March 31, 2026 (Unaudited)**	March 31, 2025 (Unaudited)
Property and equipment	12	**₱1,208,758**	₱1,168,158
Intangible assets		**140,591**	207,107
Investment property	13	**160,706**	160,706
		₱1,510,055	₱1,535,971

No impairment loss was recognized on intangible assets in March 31, 2026 and 2025.

12. **Property and Equipment**

The balances and movements of this account are as follows:

		March 31, 2026 (Unaudited)			
	Note	**Leasehold Improvements**	**Office Condominium Units and Improvements**	**Furniture, Fixtures, and Office Equipment**	**Total**
Cost					
Balances at beginning of year		**₱11,066,687**	**₱21,316,407**	**₱22,620,034**	**₱55,003,128**
Additions		**–**	**–**	**208,605**	**208,605**
Derecognition		**–**	**(113,321)**	**–**	**(113,321)**
Balances at end of year		**11,066,687**	**21,203,086**	**22,828,639**	**55,098,412**
Accumulated Depreciation and Amortization					
Balances at beginning of year		**5,027,724**	**15,530,688**	**20,765,462**	**41,323,874**
Depreciation and amortization	11	**275,485**	**776,549**	**156,724**	**1,208,758**
Derecognition		**–**	**(113,321)**	**–**	**(113,321)**
Balances at end of year		**5,303,209**	**16,193,916**	**20,922,186**	**42,419,311**
Carrying Amounts		**₱5,763,478**	**₱5,009,170**	**₱1,906,453**	**₱12,679,101**

		December 31, 2025 (Audited)			
	Note	Leasehold Improvements	Office Condominium Units and Improvements	Furniture, Fixtures, and Office Equipment	Total
Cost					
Balances at beginning of year		₱11,066,687	₱21,237,151	₱23,851,931	₱56,155,769
Additions		–	4,485,960	478,866	4,964,826
Disposal		–	(4,406,704)	(1,710,763)	(6,117,467)
Balances at end of year		11,066,687	21,316,407	22,620,034	55,003,128
Accumulated Depreciation and Amortization					
Balances at beginning of year		3,925,785	16,873,809	21,948,533	42,748,127
Depreciation and amortization	11	1,101,939	3,063,583	527,692	4,693,214
Disposal		–	(4,406,704)	(1,710,763)	(6,117,467)
Balances at end of year		5,027,724	15,530,688	20,765,462	41,323,874
Carrying Amounts		₱6,038,963	₱5,785,719	₱1,854,572	₱13,679,254

As at March 31, 2026 and December 31, 2025, cost of fully-depreciated assets still in use amounted to ₱27.4 million and ₱28.3 million, respectively.

ROU assets

Additions to ROU assets (included as part of "Office condominium units and improvements" in "Property and equipment" account) amounting to nil and ₱4.5 million in March 31, 2026 and December 31, 2025, respectively are considered as noncash financial information in the statements of cash flows (see Note 20).

The Company derecognized ROU assets amounting to 0.11 million and 4.4 million as at March 31, 2026 and December 31, 2025 due to the expiration of the related lease contracts (see Note 20).

13. **Investment Property**

Investment property pertains to a condominium unit, which is currently held by the Company for capital appreciation.

The balance and movements of this account are as follows:

	Note	**March 31, 2026 (Unaudited)**	December 31, 2025 (Audited)
Cost			
Balances at beginning and end of year		**₱12,856,487**	₱12,856,487
Accumulated Depreciation			
Balances at beginning of year		**5,142,584**	4,499,761
Depreciation	11	**160,706**	642,823
Balances at end of year		**5,303,290**	5,142,584
Carrying Amount		**₱7,553,197**	₱7,713,903

The Company did not earn any income from the investment property in March 31, 2026 and 2025.

Direct costs incurred related to its investment property, which pertain to real property tax, amounted to ₱25,612 in March 31, 2026 and 2025.

The fair value of investment property amounted to ₱46.5 million as at March 31, 2026 and December 31, 2025, respectively. The fair value was determined using the Sales Comparison Approach, which compares sales of similar or substitute properties and related market data to establish an estimated value (see Note 5).

14. **Other Noncurrent Assets**

This account consists of:

	Note	**March 31, 2026 (Unaudited)**	December 31, 2025 (Audited)
Refundable deposits from:			
Clearing and Trade Guarantee Fund (CTGF) contributions		**₱13,658,513**	₱13,479,652
Rental	20	**307,265**	297,265
Others		**298,239**	283,259
		₱14,264,017	₱14,060,176

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:

	March 31, 2026 (Unaudited)		December 31, 2025 (Audited)	
	Money Balance	**Security Valuation - Long**	Money Balance	Security Valuation - Long
Payable to customers:				
With money balance	**₱170,401,473**	**4,805,793,290**	₱182,300,831	₱5,529,215,457
Without money balance	**–**	**2,564,608,470**	–	1,767,186,041
	170,401,473	**7,370,401,760**	182,300,831	7,296,401,498
Dividends payable to customers	**1,331,030**	**–**	1,331,029	–
Payable to clearinghouse	**6,469,831**	**–**	–	–
	₱178,202,334	**₱7,370,401,760**	₱183,631,860	₱7,296,401,498

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

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

Trade payables are due to the following parties:

	Note	**March 31, 2026 (Unaudited)**	December 31, 2025 (Audited)
Third parties		**₱173,223,699**	₱165,956,066
Related parties	17	**4,978,635**	17,675,794
		₱178,202,334	₱183,631,860

16. **Other Current Liabilities**

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Accounts payable	**₱834,177**	₱435,878
Accruals for:		
Professional Fees	**380,400**	909,440
Membership fees	**151,073**	120,556
Outside services	**112,549**	114,801
Utilities	**118,144**	–
Commissions and employee bonuses	**–**	2,638,053
Others	**63,249**	253,309
Taxes payable	**661,988**	742,746
Statutory payables	**481,519**	491,610
Trading fee payable	**378,541**	318,327
	₱3,181,640	₱6,024,720

Accounts payable and accruals are noninterest-bearing and generally settled within one year.

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

Statutory payables and trading fee 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 Mar. 31, 2026 (Unaudited)	Amount of Transactions Mar. 31, 2025 (Unaudited)	Outstanding Balance Mar. 31, 2026 (Unaudited)	Outstanding Balance Dec. 31, 2025 (Audited)	Terms and Conditions
Trade Receivables (see Note 8)						
Affiliate with common officers and stockholders	Commission income	**₱–**	₱–	**₱–**	₱621,211	Noninterest-bearing; secured; generally collected within two days
Trade Payables (see Note 15)						
Key management personnel	Commission income	**₱46,358**	₱16,766	**₱4,978,635**	₱14,157,571	Noninterest-bearing; secured; no guarantee; settled in cash within two days
Affiliate with common officers and stockholders	Commission income	**38,549**	24,649	**10,112,546**	3,518,223	
				₱15,091,181	₱17,675,794	
Lease liabilities (see Note 20)						
Affiliate with common officers and stockholders	Lease of properties	**₱278,850**	₱278,850	**₱1,689,273**	₱1,943,115	Unsecured; settled in cash within one to three years
Personnel Costs						
Key management personnel	Short-term employee benefits	**₱1,065,000**	₱1,065,000	**₱–**	₱–	Noninterest-bearing, unsecured and payable within the month of incurrence
	Directors' fees	**80,000**	40,000	**–**	–	
	Retirement benefits	**–**	–	4,224,358	4,224,358	Noninterest-bearing, unsecured and payable upon retirement

No impairment loss was recognized on trade receivables from related parties in March 31, 2026 and 2025.

18. **Personnel Costs**

This account consists of:

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Salaries and wages	**₱8,274,441**	₱8,589,915
Other benefits	**2,389,485**	3,475,696
	₱10,663,926	₱12,065,611

Personnel costs were distributed as follows:

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Cost of services	**₱7,464,748**	₱8,445,928
Operating expenses	**3,199,178**	3,619,683
	₱10,663,926	₱12,065,611

19. **Retirement Plan**

The Company has a funded, noncontributory defined benefit retirement plan covering substantially all of its regular employees. The benefits are based on a certain percentage of the final monthly basic salary for every year of credited service of the employees. The funded benefit obligation under the defined benefit retirement plan is determined using the projected unit credit method. The benefits to be received by the employees under the defined benefit retirement plan shall not be less than the minimum mandated benefit under RA No. 7641, *The Retirement Pay Law*. There were no termination, curtailment, or settlement in 2025 and 2024. The latest actuarial valuation of the present value of the defined benefit obligation as at December 31, 2025 is dated January 26, 2026.

20. **Leases**

The Company, as lessee, has lease agreements for its office spaces with lease terms ranging from two to three years as at March 31, 2026 and December 31, 2025. The leases are renewable upon mutual agreement of the parties. Refundable deposits on these lease agreements amounted to ₱0.3 million as at March 31, 2026 and December 31, 2025 (see Note 14).

The balance and movements of ROU assets (included as part of “Office condominium units and improvements” under “Property and equipment” account) are as follows:

	Note	**March 31, 2026 (Unaudited)**	December 31, 2025 (Audited)
Cost			
Balance at beginning of year		**₱4,599,282**	₱4,520,027
Additions	12	**–**	4,485,960
Derecognition	12	**(113,321)**	(4,406,704)
Balance at end of year		**4,485,961**	4,599,283
Accumulated Depreciation			
Balance at beginning of year		**495,569**	2,780,729
Additions		**541,039**	2,121,544
Derecognition		**(113,321)**	(4,406,704)
Balance at end of year		**923,287**	495,569
Carrying Amount		**₱3,562,674**	₱4,103,713

The balance and movements of lease liabilities are as follows:

	Note	**March 31, 2026 (Unaudited)**	December 31, 2025 (Audited)
Balance at beginning of year		**₱4,110,387**	₱1,835,016
Additions		**–**	4,485,960
Interest expense	19	**53,567**	78,102
Lease payments		**(567,149)**	(2,288,691)
Balance at end of year		**₱3,596,805**	₱4,110,387

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Current	**₱2,079,301**	₱2,057,065
Noncurrent	**1,517,504**	2,053,322
	₱3,596,805	₱4,110,387

Lease liabilities are payable to the following parties:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Third parties	**₱1,689,273**	₱2,167,272
Related parties	**1,907,532**	1,943,115
	₱3,596,805	₱4,110,387

The Company recognized the following lease-related expenses:

	March 31, 2026 (Unaudited)	March 31, 2026 (Unaudited)
Depreciation	**₱541,039**	₱529,077
Interest expense on lease liabilities	**53,567**	25,133
	₱594,606	₱554,210

Future minimum lease commitments under non-cancellable leases as at March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Within one year	**₱2,224,000**	₱2,229,760
After one year but no more than three years	**1,554,910**	2,116,300
	₱3,778,910	₱4,346,060

21. **Income Taxes**

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

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Reported in Profit or Loss		
Current tax expense	**₱–**	₱–
Deferred tax expense (benefit)	**2,351,232**	(4,786,355)
	₱2,351,232	(₱4,786,355)
Reported in OCI		
Deferred tax expense (benefit) on:		
Unrealized gains(losses) on changes in fair value of financial assets at FVOCI	**(14,939,700)**	4,749,340
	(₱14,939,700)	(₱4,749,340)

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Deferred tax assets:		
NOLCO	**₱20,254,821**	₱20,254,821
Excess of cost over fair value of financial assets at FVPL	**6,135,501**	9,830,803
Net retirement benefit liability	**8,389,935**	8,389,935
Lease liabilities	**899,201**	1,027,597
Allowance for credit losses	**87,165**	87,938
Unrealized loss on changes in fair value of FA at FVOCI	**7,896,090**	–
	43,662,713	39,591,094

Deferred tax liabilities:			
Cumulative unrealized foreign exchange gains		**11,534,622**	12,855,944
Cumulative unrealized gains on changes in fair value of debt securities at FVOCI	9	**–**	7,043,611
ROU assets		**890,669**	1,025,929
Others		**135,520**	152,176
		12,560,811	21,077,660
		₱31,101,902	₱18,513,434

In 2026, the Company did not recognize the deferred tax assets on NOLCO amounting to ₱21,350,696 as management assessed that sufficient future taxable income is not probable within the next three reporting periods to utilize these benefits.

The details of NOLCO and excess MCIT over RCIT as at March 31, 2026 are as follows:

	Inception Year	Amount	Expired	Ending Balance	Expiry Year
NOLCO	2026	₱21,350,696	₱–	₱21,350,696	2029
	2025	49,237,771	–	₱49,237,771	2028
	2024	29,121,361	–	29,121,361	2027
	2023	66,754,999	–	66,754,999	2026
		₱166,464,827	₱–	₱166,464,827	
Excess MCIT over RCIT	2024	₱126,996	₱–	₱126,996	2027
		₱126,996	₱–	₱126,996	

The income tax rates used in the financial statements are 25% for RCIT in March 31, 2026 and December 31, 2025; and 2% MCIT in 2025 and 2024.

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

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Income tax expense (benefit) at statutory tax rate	**₱2,447,469**	₱483,118
Unrecognized deferred tax assets	**5,079,471**	
Tax effects of:		
Interest income already subjected to final tax	**(4,934,932)**	(4,618,584)
Dividend income exempt from tax	**(281,131)**	(717,726)
Nondeductible expenses	**40,177**	74,656
Others	**178**	(7,819)
Income tax at effective tax rate	**₱2,351,232**	(₱4,786,355)

22. **Earnings per Share**

Basic and diluted EPS are computed as follows:

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Net income attributable to common stockholders	**₱7,438,632**	₱6,718,831
Divided by weighted average number of outstanding common shares	**6,875,000,000**	6,875,000,000
Per share amounts: Basic and diluted EPS	**₱0.001082**	₱0.000977

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 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:

	March 31, 2026 (Unaudited)		
	Local Trading	Global Trading	Total
REVENUES			
Interests	**₱19,739,729**	**₱–**	**₱19,739,729**
Net trading gains on financial assets at FVPL	**3,830,851**	**6,579,150**	**10,410,001**
Commissions	**2,340,171**	**–**	**2,340,171**
Dividends	**1,124,526**	**4,187,889**	**5,312,415**
	27,035,277	**10,767,039**	**37,802,316**
COST OF SERVICES			
Personnel costs	**(3,732,374)**	**(3,732,374)**	**(7,464,748)**
Commissions	**(1,748,429)**	**(843,654)**	**(2,592,083)**
Transaction costs	**(635,115)**	**(1,712,953)**	**(2,348,068)**
Research	**–**	**(704,915)**	**(704,915)**
Stock exchange dues and fees	**(465,064)**	**–**	**(465,064)**
Communications	**(259,313)**	**–**	**(259,313)**
Central depository fees	**(200,674)**	**–**	**(200,674)**
	(7,040,969)	**(6,993,896)**	**(14,034,865)**
GROSS PROFIT (LOSS)	**19,994,308**	**3,773,143**	**23,767,451**
OPERATING EXPENSES	**(7,797,975)**	**(894,319)**	**(8,692,294)**
OTHER INCOME			
Foreign exchange gains (losses) - net	**83,449**	**(5,368,742)**	**(5,285,293)**
INCOME (LOSS) BEFORE INCOME TAX	**12,279,782**	**(2,489,918)**	**9,789,864**
INCOME TAX EXPENSE (BENEFIT)	**450,117**	**(2,801,349)**	**(2,351,232)**
NET INCOME (LOSS)	**₱12,729,899**	**(₱5,291,267)**	**₱7,438,632**
SEGMENT ASSETS	**₱1,800,968,776**	**₱422,725,964**	**₱2,223,694,740**
SEGMENT LIABILITIES	**₱218,540,520**	**-**	**₱218,540,520**
CAPITAL EXPENDITURES			
Fixed assets	**₱208,605**	**-**	**₱208,605**
CASH FLOWS ARISING FROM:			
	₱5,604,247	**(₱21,656,796)**	**(₱16,052,549)**
Operating activities			
Investing activities	**(208,605)**	**-**	**(208,605)**
Financing activities	**(567,150)**	**-**	**(567,150)**

	December 31, 2025 (Audited)		
	Local Trading	Global Trading	Total
REVENUES			
Interests	₱78,536,245	₱1,628,262	₱80,164,507
Dividends	7,759,918	8,155,286	15,915,204
Gain on sale of government securities	5,777,157	–	5,777,157
Commissions	4,504,713	–	4,504,713
Net trading gains (losses) on financial assets at FVPL	16,612,604	(14,633,235)	1,979,369
Client advisory income	48,268	–	48,268
	113,238,905	(4,849,687)	108,389,218
COST OF SERVICES			
Personnel costs	17,676,453	17,676,452	35,352,905
Commissions	12,686,300	3,535,919	16,222,219
Transaction costs	3,096,855	8,508,582	11,605,437
Research	–	2,765,412	2,765,412
Stock exchange dues and fees	2,168,023	–	2,168,023
Communications	1,185,403	–	1,185,403
Central depository fees	814,855	–	814,855
	37,627,889	32,486,365	70,114,254
GROSS PROFIT (LOSS)	75,611,016	(37,336,052)	38,274,964
OPERATING EXPENSES	(35,419,858)	(5,320,589)	(40,740,447)
OTHER INCOME			
Foreign exchange gains	25,248	4,825,904	4,851,152
Other income	208,172	–	208,172
INCOME (LOSS) BEFORE INCOME TAX	40,424,578	(37,830,737)	2,593,841
INCOME TAX EXPENSE (BENEFIT)	(1,443,366)	1,182,101	(261,265)
NET INCOME (LOSS)	₱41,867,944	(₱39,012,838)	₱2,855,106
SEGMENT ASSETS	₱1,850,464,301	₱419,397,084	₱2,269,861,385
SEGMENT LIABILITIES	₱227,326,708	₱–	₱227,326,708
CAPITAL EXPENDITURES			
Fixed assets	₱778,866	₱–	₱778,866
CASH FLOWS ARISING FROM:			
Operating activities	₱81,076,988	(₱9,467,473)	₱71,609,515
Investing activities	(570,694)	–	(570,694)
Financing activities	(32,318,691)	–	(32,318,691)

SCHEDULE VIII

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

MARCH 31, 2026

	March 31, 2026	March 31, 2025
Current/liquidity ratio	**5.26**	5.00
Current assets	**₱965,769,527**	₱998,613,700
Current liabilities	**183,463,275**	199,813,446
Solvency ratio	**0.04**	0.04
After-tax income (loss) before depreciation	**₱8,948,687**	₱8,254,802
Total liabilities	**218,540,520**	230,737,950
Debt-to-equity ratio	**0.11**	0.11
Total liabilities	**₱218,540,520**	₱230,737,950
Total average equity	**2,023,844,449**	2,067,141,190
Asset-to-equity ratio	**1.10**	1.12
Total assets	**₱2,223,694,740**	₱2,308,362,565
Total average equity	**2,023,844,449**	2,067,141,190
Interest rate coverage ratio	**53.56**	23.10
Income (loss) before interest and taxes	**₱9,976,121**	₱2,019,910
Interest expense	**186,257**	87,434
Return on Equity (Annualized)	**1.47%**	1.30%
After-tax income (loss) (annualized)	**₱29,754,528**	₱26,875,324
Total average equity	**2,023,844,449**	2,067,141,190
Return on assets (Annualized)	**1.32%**	1.17%
After-tax income (loss) (annualized)	**₱29,754,528**	₱26,875,324
Total average assets	**2,246,778,063**	2,292,960,392
Other relevant ratios		
RBCA ratio	**624%**	1,088%
Ratio of AI to NLC	**10.8%**	10.2%
Ratio of Core Equity to ORR	**7,092%**	7,032%