COVER SHEET

SEC Registration Number

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COMPANY NAME

PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES

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

12TH FLOOR, TELECOM PLAZA BUILDING, 316 SEN. GIL PUYAT AVE., MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, if Applicable
17-Q	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
inquiry@phc.com.ph	(632) 8815-8406	-

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
1,175	3rd Monday of November	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Erlinda I. Bildner	-	(632) 8815-8406	-

CONTACT PERSON's ADDRESS
12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City

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

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

PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES
FOR THE PERIOD ENDED OF JUNE 30, 2026 AND 2025

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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

GENERAL INSTRUCTIONS

(a) Use of Form 17-Q

This SEC Form 17-Q shall be used for quarterly reports under Section 17 of the Code, filed pursuant to paragraph (2)(b) of SRC Rule 17 thereunder and shall be filed within 45 calendar days after the end of each of the first three fiscal quarters of each fiscal year. The first quarterly report of the issuer shall be filed either within 45 calendar days after the effective date of the registration statement or on or before the date on which such report would have been required to be filed if the issuer had been required previously to file reports on SEC Form 17-Q, whichever is later. No report need be filed for the fourth quarter of any fiscal year.

(b) Application of SRC Rule 72.1: Requirements for Filing Forms

SRC Rule 72.1 contains general rules and regulations which are applicable to reports on forms to be filed with the Commission. SRC Rule 68 contains requirements for the content of financial statements to be filed with the Commission as part of this report. These Rules should be carefully read and observed in the preparation and filing of reports on this Form.

(c) Preparation of Report

(1) This is not a blank form to be filled in. It is a guide to be used in preparing the report in accordance with SRC Rule 72.1. The Commission does not furnish blank copies of this Form to be filled in for filing.

(2) These general instructions are not to be filed with the report. The instructions to the various captions of the form are also to be omitted from the report as filed. The report shall contain the numbers and captions of all applicable items, but the text of such items may be omitted, provided the answers thereto are prepared in the manner specified in SRC Rule 72.1. All items that are not required to be answered in a particular report may be omitted and no reference thereto need be made in the report. All instructions should also be omitted.

(d) Incorporation by Reference

In accordance with the provisions of SRC Rule 12-2, if the issuer makes available to its stockholders or otherwise publishes, within the period prescribed for filing the report, a document or statement containing information meeting some or all of the requirements of Part I of this Form, the information called for may be incorporated by reference from such published document or statement, in answer or partial answer to any item or items of Part I of this Form, provided copies thereof are filed as an exhibit to Part I, and all information called for in this Form is supplied.

(e) Integrated Reports to Security Holders

Quarterly reports to security holders may be combined with the required information of Form 17-Q and will be suitable for filing with the Commission if the combined report contains full and complete answers to all items required by this Form. When responses to a certain item of required disclosure are separated within the combined report, an appropriate cross-reference should be made.

(f) Signature and Filing of Report

(1) Five complete copies of the report, including any financial statements, exhibit or other paper or document filed as a part thereof shall be filed with the Commission. At least one complete

copy of the report, including any financial statements, exhibit or other paper or document filed as a part thereof, shall, if any class of the issuer’s securities are listed in a stock exchange, be filed with that Exchange.

(2) At least one complete copy of the report filed with the Commission and, when applicable, one copy filed with the Exchange shall be manually signed on the issuer's behalf by a duly authorized officer of the issuer and by the principal financial or chief accounting officer of the issuer. Copies not manually signed shall bear typed or printed signatures. In the case where the principal financial officer or chief accounting officer is also duly authorized to sign on behalf of the issuer, one signature is acceptable provided the issuer clearly indicates the dual responsibilities of the signatory. See also paragraph (2) and (3) of SRC Rule 72.1concerning copies, binding, signatures, paper, printing, language, and pagination.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended . June 30, 2026

2. Commission identification number 11163

3. BIR Tax Identification No 000-471-497-000

4. Exact name of issuer as specified in its charter PHILCOMSAT HOLDINGS CORPORATION

5. Province, country or other jurisdiction of incorporation or organization Philippines

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office 316 Sen. Gil Puyat Avenue, Makati City Postal Code 1200

8. Issuer's telephone number, including area code (632) 815-9556

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 Shares	996,391,254

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

Yes [✓] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange — Common shares

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 [✓] No [ ]

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

Yes [ ] No [✓]

PART I–FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex C".

PART II–OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

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.

Issuer PHILCOMSAT HOLDINGS CORPORATION

[redacted]

ERLINDA I. BILDNER
Treasurer and Chief Finance Officer

August 13, 2026

BUSINESS OVERVIEW

Philcomsat Holdings Corporation, formerly Liberty Mines, Inc. was incorporated on May 10, 1956. On January 10, 1997, the Corporation approved amendments of its Articles of Incorporation, changing its primary purpose from embarking in the discovery, exploration, development and exploration of mineral oils, petroleum in its natural state, rock or carbon oils and other volatile mineral substances to a holding company and changing its name and declassifying its shares. These changes were filed with the Securities and Exchange Commission (SEC) on April 14, 1997, respectively. The authorized capital of the Corporation is One Billion Pesos (P1,000,000,000) divided into one billion (1,000,000,000) common shares with a par value of P1.00 per share. Of the total authorized capital stock, sixty million (60,000,000) shares are listed at the Philippine Stock Exchange (PSE).

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2026 AND 2025 AND DECEMBER 31, 2025
(Amounts in Philippine Pesos)

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 2, 3, 4, 20 and 21)	**P149,131,747**	P120,012,464	P210,229,945
Receivables (Notes 2, 3, 5, 18, 20 and 21)	**115,687,151**	117,566,701	119,082,256
Due from related parties (Notes 2, 3, 18, 20 and 21)	**25,950,000**	12,200,000	12,425,000
Financial assets at fair value through profit or loss (FVTPL) (Notes 2, 3, 20 and 21)	**89,835,587**	126,834,647	124,377,686
Assets held for sale (Notes 2, 3 and 6)	**6,810,535**	7,982,794	6,900,286
Other current assets (Notes 2 and 3)	**499,275**	631,705	2,345,869
Total Current Assets	**387,914,295**	385,228,311	475,361,042
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 2, 3, 7, 20 and 21)	**754,660,096**	790,272,012	707,579,862
Investment properties (Notes 2, 3 and 8)	**343,475,799**	343,475,799	343,475,799
Right-of-use (ROU) assets – net (Notes 2, 3 and 13)	**1,253,520**	2,402,592	2,236,162
Property and equipment – net (Notes 2, 3 and 9)	**4,613**	29,731	6,920
Deferred tax assets – net (Notes 2 and 17)	–	8,751	–
Other noncurrent assets (Notes 2, 3 and 10)	**14,616,462**	12,611,274	12,824,035
Total Noncurrent Assets	**1,114,010,490**	1,148,800,159	1,066,122,778
	P1,501,924,785	P1,534,028,470	P1,541,483,820
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and statutory payables (Notes 2, 3, 12, 20 and 21)	**P7,852,735**	P3,608,164	P6,901,868
Dividends payable (Notes 2, 3, 20 and 21)	**10,322,959**	5,184,637	5,184,637
Due to a related party (Notes 2, 3, 18, 20 and 21)	**–**	78,106	–
Lease liabilities – current (Notes 2, 3, 13, 20 and 21)	**1,034,669**	810,524	2,038,865
Total Current Liabilities	**19,210,363**	9,681,431	14,125,370
Noncurrent Liabilities			
Deposit for future stock subscription (Notes 2 and 18)	**18,894,000**	18,894,000	18,894,000
Lease liabilities – noncurrent (Notes 2, 3, 13, 20 and 21)	**279,748**	1,638,358	279,748
Deferred tax liabilities – net (Notes 2 and 16)	**126,300**	–	63,006
Total Noncurrent Liabilities	**19,300,048**	20,532,358	19,236,754
Total Liabilities	**38,510,411**	30,213,789	33,362,124
Equity			
Share capital (Notes 2 and 22)	**996,391,254**	996,391,254	996,391,254
Retained earnings (Notes 2, 7 and 22)	**497,730,850**	526,376,631	533,404,085
Other equity reserves (Notes 2, 7 and 22)	**(30,707,730)**	(18,953,204)	(21,673,643)
Total Equity	**1,463,414,374**	1,503,814,681	1,508,121,696
	P1,501,924,785	P1,534,028,470	P1,541,483,820

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED AND SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Amounts in Philippine Pesos)

	From April 1 to June 30, 2026 (Unaudited)	From April 1 to June 30, 2025 (Unaudited)	**From January 1 to June 30, 2026 (Unaudited)**	From January 1 to June 30, 2025 (Unaudited)
REVENUE (Notes 2 and 14)	**P12,699,881**	P13,635,881	**P27,919,716**	P28,011,752
COSTS AND EXPENSES (Notes 2 and 15)	**(5,851,509)**	(11,023,502)	**(15,655,286)**	(18,098,486)
OTHER INCOME (CHARGES) – net (Notes 2, 7 and 16)	**2,159,108**	1,892,247	**2,842,038**	(1,608,407)
FINANCE COSTS (Notes 2 and 13)	**(4,340)**	(42,005)	**(16,185)**	(75,280)
INCOME BEFORE INCOME TAX	**9,003,140**	4,462,621	**15,090,283**	8,229,579
PROVISION FOR (BENEFIT FROM) (Notes 2, 3 and 17)				
Current	**154,602**	284,516	**423,029**	587,653
Deferred	**63,460**	43,479	**63,294**	(288,967)
	218,062	327,995	**486,323**	298,686
NET INCOME	**P8,785,078**	P4,134,626	**P14,603,960**	P7,930,893
BASIC/DILUTED EARNINGS PER SHARE (Notes 2 and 19)	**P0.0088**	P0.0041	**P0.0147**	P0.0080

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION

(A Subsidiary of Philippine Communications Satellite Corporation)

AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED AND SIX MONTHS ENDED JUNE 30, 2026 AND 2025

(Amounts in Philippine Pesos)

	From April 1 to June 30, 2026 (Unaudited)	From April 1 to June 30, 2025 (Unaudited)	**From January 1 to June 30, 2026 (Unaudited)**	From January 1 to June 30, 2025 (Unaudited)
NET INCOME	**P8,785,078**	P4,134,626	**P14,603,960**	P7,930,893
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 2 and 7)				
Items that may be reclassified to profit or loss				
Unrealized gain (loss) on debt instruments at FVOCI	**260,204**	(2,162,034)	**(3,321,734)**	5,929,403
Items that may not be reclassified to profit or loss				
Unrealized gain (loss) on equity instruments at FVOCI	**1,188,223**	6,633,676	**(4,717,395)**	4,324,592
TOTAL COMPREHENSIVE INCOME	**P10,233,505**	P8,606,268	**P6,564,831**	P18,184,888

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Amounts in Philippine Pesos)

	From January 1 to June 30, 2026 (Unaudited)	From January 1 to June 30, 2025 (Unaudited)
SHARE CAPITAL – P1 par value (Notes 2 and 22)		
Authorized – 1,000,000,000 shares		
Issued – 996,391,254 shares	**P996,391,254**	P996,391,254
RETAINED EARNINGS (Notes 2, 7 and 22)		
Balance at beginning of period	**533,404,085**	517,695,949
Net income	**14,603,960**	7,930,893
Dividends declared	**(49,819,563)**	
Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold from other comprehensive income	**(457,632)**	749,789
Balance at end of period	**497,730,850**	526,376,631
OTHER EQUITY RESERVES (Notes 2, 7 and 22)		
Balance at beginning of period	**(21,673,643)**	(28,179,968)
Unrealized gain ((loss) for the period	**(8,039,129)**	10,253,995
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss	**(1,452,590)**	(277,442)
Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold to retained eanings	**457,632**	(749,789)
Balance at end of period	**(30,707,730)**	(18,953,204)
TOTAL EQUITY	**P1,463,414,374**	P1,503,814,681

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(Amounts in Philippine Pesos)

	From January 1 to June 30, 2026 (Unaudited)	From January 1 to June 30, 2025 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**P15,090,283**	P8,229,579
Adjustments for:		
Unrealized loss (gain) on financial assets at FVTPL (Note 16)	**(29,473)**	1,099,547
Depreciation (Notes 9 and 13)	**984,949**	983,519
Finance costs (Note 13)	**16,185**	75,280
Provision for doubtful accounts (Notes 5 and 14)	**–**	12,005
Unrealized foreign exchange loss (gain) (Note 16)	**(826,950)**	953,186
Realized gain on sale of debt instruments measured at FVOCI (Notes 7 and 16)	**(1,452,590)**	(277,442)
Realized gain on financial assets at FVTPL (Note 16)	**(533,025)**	(166,884)
Operating income before changes in assets and liabilities	**13,249,379**	10,908,790
Decrease (increase) in:		
Receivables (Note 5)	**3,395,105**	(2,705,716)
Due from related parties (Note 18)	**(13,525,000)**	(7,200,000)
Financial assets at FVTPL	**35,104,597**	(17,650,297)
Other current assets	**1,846,594**	(244,577)
Assets held for sale (Note 6)	**89,751**	1,123,894
Other non current assets (Note 10)	**(590,290)**	(570,871)
Decrease in:		
Trade and statutory payables (Note 12)	**950,867**	(3,272,631)
Due to related party (Note 18)	**–**	(141,247)
Net cash generated by (used in) operations	**40,521,003**	(19,752,655)
Acquisition of financial assets at FVOCI (Note 7)	**(160,924,001)**	(51,025,966)
Proceeds from redemption and maturity of financial assets at FVOCI(Note 7)	**105,804,638**	71,673,074
Income tax paid	**(1,625,166)**	(631,586)
Net cash provided by operating activities	**(16,223,526)**	262,867

Forward

	From January 1 to June 30, 2026 (Unaudited)	From January 1 to June 30, 2025 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(44,681,241)**	–
Payments of:		
Lease liabilities (Note 13)	**(1,004,196)**	(934,899)
Interest on lease liabilities (Note 13)	**(16,185)**	(75,280)
Cash used in financing activities	**(45,701,622)**	(1,010,179)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**826,950**	(953,186)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(61,098,198)**	(1,700,498)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**210,229,945**	121,712,962
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P149,131,747**	P120,012,464
NONCASH FINANCIAL INFORMATION		
Extinguishment of debt resulting to:		
Initial recognition of ROU assets relating to lease of office space (Note 13)	**P–**	(P3,117,937)
Initial recognition of lease liabilities (Note 13)	**–**	3,117,937
	P–	P–

See accompanying Notes to Financial Statements.

1. General Information

Corporate Information

Philcomsat Holdings Corporation (formerly Liberty Mines, Inc.) [the Parent Company] was incorporated and registered with the Securities and Exchange Commission (SEC) on May 10, 1956 with the primary purpose of embarking in the discovery, exploration, development and exploitation of mineral oils, petroleum in its natural state, rock or carbon oils and other volatile mineral substance and with the secondary purpose of engaging in the business of mining in general. The Parent Company ceased oil and mining operations in 1992.

On July 23, 1997, the SEC approved the amended Articles of Incorporation of the Parent Company consisting of: a) change in its primary purpose from an exploration and mining company to a holding company and revision of its secondary purpose clauses; and b) change of the corporate name from Liberty Mines, Inc. to Philcomsat Holdings Corporation.

The Parent Company started operations as a holding company on January 1, 2000. The Parent Company derives income from money market placements, bank deposits, financial assets at FVOCI and other investments.

On May 9, 2006, the SEC approved the extension of the Parent Company's corporate life for another fifty (50) years.

On May 23, 2016, the Parent Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Parent Company from P1.0 billion, divided into 1,000,000,000 shares with par value of P1 per share, to P3.0 billion, divided into 3,000,000,000 shares with par value of P1 per share. As at report date, the resolution is awaiting ratification by the stockholders and pending application with SEC.

The Parent Company is 78.68% owned by Philippine Communications Satellite Corporation (Philcomsat), a company incorporated in the Philippines. The ultimate parent company is Philippine Overseas Telecommunications Corporation (POTC), a company also incorporated in the Philippines. Philcomsat and POTC are both engaged in the telecommunications business.

The Parent Company and all of its subsidiaries (collectively referred to as "the Group") were incorporated in the Philippines. The following are the subsidiaries and the respective percentages of ownership as at June 30, 2026 and 2025 and December 31, 2025:

	Percentage of Ownership			
	June 30, 2026 and 2025		December 31, 2025	
	Direct	**Indirect**	Direct	Indirect
Philcomsat Management Enterprises Inc. (PMEI)	**100.00**	**–**	100.00	–
Professional Stock Transfer Inc. (PSTI)*	**–**	**100.00**	–	100.00

**Parent Company's ownership in PSTI is indirect through PMEI.*

The principal activities of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities
PMEI	Management services
PSTI	Stock transfer agency

The registered address of the Parent Company is at 12th Floor, Telecoms Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City.

Listing of Shares in Philippine Stock Exchange (PSE)
The Parent Company's original 60 million shares are listed in the PSE.

On May 3, 2007, the PSE suspended the trading of the Parent Company's shares due to pending compliance with certain structured reportorial requirements. On December 3, 2008, the SEC ordered the suspension of the Parent Company's registration of securities from the date of the receipt of the Order until the Parent Company is able to submit the reportorial requirements and fully pay the corresponding penalties.

On September 15, 2025, the SEC lifted the suspension on the Parent Company's registration statement. On September 30, 2025, the PSE advised the Company that trading of the Company's share will resume on October 1, 2025.

2. Summary of Material Accounting Policies and Disclosures

Basis of Preparation
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee.

Measurement Bases
The consolidated financial statements are presented in Philippine Peso (Peso) which is the Group's functional and presentation currency. All values are rounded to the nearest Peso, except as otherwise indicated.

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for financial assets measured at FVPL and financial assets measured at FVOCI. 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 transaction date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

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

Fair values of financial assets at FVPL, financial assets at FVOCI, investment property and financial assets and liabilities are disclosed in Notes 6, 7, 8 and 20, respectively.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9 and PFRS 7, "*Amendments to the Classification and Measurement of Financial Instruments*"

  The amendments clarify that a financial liability is derecognised on the ‘settlement date’ and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date.

  Other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments.

Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through OCI.

New Accounting Standards, Amendments to Existing Standards and Interpretations Effective Subsequent to June 30, 2026

The standards, amendments and interpretations which have been issued but not yet effective as at June 30, 2025 are disclosed below. Except as otherwise indicated, the Group does not expect the adoption of the applicable new and amended PFRS to have a significant impact on the financial position or performance.

Effective beginning on or after January 1, 2027

- PFRS 18, "*Presentation and Disclosure in Financial Statements*"

  The objective of PFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

- PFRS 19, "*Subsidiaries without Public Accountability*"

  The objective of the Standard is to alleviate the reporting burden for subsidiaries without public accountability.

Deferred Effectivity

- Amendments to PFRS 10 and PAS 28, *"Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"*

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

  On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  These amendments may apply to future transactions of the Company.

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- Deferment of Implementation of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *"Borrowing Cost"*) for the Real Estate Industry

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35 (c) of PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

  On February 21, 2020, the Philippine SEC issued MC No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

  The adoption of this amendment is not expected to have any significant impact on the financial statements since the Company is not in a real estate industry.

No Mandatory Effective Date

- PFRS 9, *"Financial Instruments (Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39)"*

  The amendments require the inclusion of general hedge accounting model in the notes disclosure to the financial statements. The amendments allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss (FVPL) to be presented in the other comprehensive income.

  These amendments are not applicable to the Company and expected not to have an impact on the financial statements.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are entities controlled by the Parent Company. In assessing control, the Parent Company considers if it is exposed, or has right, to variable returns from its investment with the subsidiary and if it has the ability to affect those returns.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases. The results of operations of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

All intragroup balances, transactions, income and expenses and unrealized gains and losses are eliminated in full.

Noncontrolling interests pertain to the portion of profit or loss and the net assets in subsidiaries not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position. Noncontrolling interests represent the interests of minority shareholders.

The financial statements of subsidiaries are prepared for the same accounting policies as that of the Parent Company.

The financial statements of the Parent Company and PMEI are prepared for the same reporting year.

PSTI and the Parent Company do not have the same reporting periods. PSTI prepares its financial statements as at and for the fiscal year ending June 30 which is different from the Parent Company's reporting period as at and for the calendar year ending December 31. For purposes of consolidation, PSTI prepares financial statements (unaudited) as at and for the year ended December 31.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.

Deferred income tax assets are classified as noncurrent assets.

Financial Assets and Liabilities

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

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

"Day 1" Difference
Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group 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 Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

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

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

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

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

As at June 30, 2026 and 2025, and December 31, 2025, the Group's marketable securities are classified under this category.

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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at June 30, 2026 and 2025, and December 31, 2025, the Group's cash and cash equivalents, receivables (excluding advances subject to liquidation) and due from related parties are classified under this category (see Notes 4, 5 and 18).

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 shall be measured at FVOCI 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 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.

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

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

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

As at June 30, 2026 and 2025, and December 31, 2025, the Group designated its investments in quoted bonds, quoted and unquoted shares of stocks, UITF and club membership as financial assets at FVOCI (see Note 7).

Financial Liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of comprehensive income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability at FVPL.

The Group does not have financial liabilities at FVPL as at June 30, 2026 and 2025, and December 31, 2025.

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 Group 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 impaired or through the amortization process.

As at June 30, 2026 and 2025, and December 31, 2025, the Group's trade and other payables, customers' deposits, due to a related party and lease liabilities are classified under this category (see Notes 12, 13 and 18).

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

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

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

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

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

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

Impairment of Financial Assets at Amortized Cost and FVOCI
The Group records an allowance for ECL which is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For debt instruments and other financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Financial Liabilities

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

- the rights to receive cash flows from the asset have expired;

- the Group retains the right to receive cash flows from the 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 Group has transferred its rights to receive cash flows from the 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 Group'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 Group could be required to repay.

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

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

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

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

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement 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 consolidated statements of financial position.

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

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group 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.

Advances Subject to Liquidation

Advances subject to liquidation pertain to cash advances to employees used for the Group's operations that are subject to liquidation. These are initially measured at cost less impairment in value, if any.

Assets Held for Sale

Noncurrent assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather continuing use and a sale is highly probable. They are measured at the lower of their carrying amount and fair values less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the noncurrent assets is recognized at the date of derecognition.

Noncurrent assets are not depreciated or amortized while they are classified as held for sale.

Investment Property

Investment property is defined as a property, such as land or building, held for capital appreciation. This property is not held to be used in production or sale in the ordinary course of business.

Investment property is initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value. Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged against current operations in the period in which the costs are incurred.

Land is not depreciated.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price 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 operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs 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. Cost also includes any asset retirement obligation and interest on borrowed funds used. When property and equipment are sold or retired, their costs and accumulated depreciation and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit or loss of such period.

The estimated useful lives of property and equipment are as follows:

	Number of Years
Office equipment	3
Transportation equipment	3-5
Furniture and fixtures	3
Office improvement	3-5

The useful lives of each of the property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The property and equipment's useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

Other Noncurrent Assets

Other noncurrent assets consist of:

Creditable Withholding Tax

Creditable withholding tax is an amount that is withheld from income payments. This is deducted from income tax payable.

Input Value-added Tax (VAT)

Input VAT represents tax imposed on the Group by its suppliers for the acquisition of goods and services required under the Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Group's current VAT liability.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle the holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interest are measured at fair value unless another management basis is required by PFRS. Acquisition-related costs incurred are expensed and included in costs and expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date, including the separation of embedded derivatives in host contracts by the acquiree, if any.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured until it is finally settled and accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, and any previous interest held, over the net fair value of the identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within CGU units is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

If necessary information, such as fair value of assets and liabilities acquired, is not available by the end of the reporting period in which the business combination occurs, provisional amounts are used for a period not exceeding one year from the date of acquisition or measurement period. During this period, provisional amounts recognized for a business combination may be retrospectively adjusted if relevant information has been obtained or becomes available.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that its advances subject to liquidation, other current assets (excluding financial assets at FVPL), investment properties and property and equipment may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assessment of the time value of money and the risks specific to the asset. Any impairment loss is recognized in the profit or loss in those expense categories consistent with the function of the impaired asset.

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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the depreciation charge are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU, to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Deposit for Future Subscription

Deposit for future stock subscription represents the amount received by the Company which it records as such with a view of applying the same as payment for additional issuance of shares or increase in capital stock.

This is presented as part of liability because the Company is yet to comply with the conditions prescribed by the SEC.

Equity

Share Capital

Share capital is measured at par value for all shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration.

Other Equity Reserves
Other equity reserves comprise items of income and expense that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Group pertains to cumulative unrealized gains on financial assets at FVOCI.

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 Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

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

Interest Income
Interest income is recognized as the interest accrues, taking into account the effective yield of the asset.

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

Service Fees
Performance obligation is satisfied over time with reference to the stage of completion at the reporting date measured principally on the basis of the estimated physical completion of the contract work. Billings and collections are made in relation to the specific provisions on the contract as agreed by the parties.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Retainer Fee and Transfer Fee
Revenue is recognized under the accrual basis in accordance with the terms of the related agreements.

Gain on Sale of Financial and Nonfinancial Assets
Gain on sale of financial assets at FVOCI and nonfinancial assets are computed as the difference between the proceeds and its carrying amount.

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

Cost of Services
Cost of services are recognized as expense when the related service is performed.

General and Administrative Expenses
General and administrative expenses are incurred in the direction and general administration of day-to-day operation of the Group and are generally recognized when the service is used or the expense is incurred.

Employee Benefits
The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Leases
The Group assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

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

ii. the right to direct the use of the identified asset.

If the Group 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 Group also assesses whether a contract contains a lease for each potential separate lease component.

The Group as a Lessee
At the commencement date, the Group recognizes ROU asset and 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 Asset
At commencement date of the lease contract, the Group measures ROU asset at cost. The initial measurement of ROU asset includes the following:

- the amount of the initial measurement of lease liabilities;

- 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 Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU asset is carried at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU asset is amortized over the lease term.

Lease Liability
At commencement date, the Group 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 Group 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;

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

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

A lease liability is subsequently measured at amortized cost. Interest 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.

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded using the functional currency exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are restated using the closing functional currency exchange rate at the financial reporting date. Foreign exchange gains and losses arising from foreign currency transactions and restatement of balances are recognized in profit or loss.

Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Parent Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the Parent Company and close members of the family of any such individual.

Transactions amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with related parties are considered material under SEC Memorandum Circular No. 10, Series of 2019, "Rules on Material Related Party Transactions for Publicly-listed Companies".

All individual material related party transactions shall be approved by the BOD. For aggregate related party transactions within a 12-month period that breaches the materiality threshold, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

Directors and officers with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purpose of assessing the quorum and their votes shall not be counted for purposes of determining approval.

The key management personnel of the Group and post-employment benefit plan for the benefit of Group's employees, if any, are also considered to be related parties.

Transactions between related parties are on an arm's length basis in a manner similar to transactions with non-related parties.

Income Taxes

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Deferred Tax

Deferred tax is provided on 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, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward benefits of minimum corporate income tax (MCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused NOLCO and carry-forward benefits of MCIT can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference 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; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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 are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

Earnings Per Share

Basic earnings per share is computed by dividing net income over the weighted average number of issued and outstanding common shares during the year.

Diluted earnings per share is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year.

Provisions

Provisions are recognized when the Group 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a 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 interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as an asset in the consolidated statements of financial position but only when the receipt of the reimbursement is virtually certain.

Contingencies

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

Events After the End of the Reporting Period

Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements when material. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Information

The Group is engaged in investing of funds in various financial assets, service agreements with the government and stock transfer agency. The Group has aggregated these revenue-generating activities into a single operating segment as these segments are both passive in nature and have the same economic characteristics. The Group's revenue-generating assets are located in the Philippines.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, accounting estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the reporting date. However, uncertainty about the estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Group's policies, the Group has made certain judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Establishing Control Over Investment in Subsidiaries
The Group determines that it has control over its subsidiary by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following are also considered:

- Rights arising from other contractual agreements; and
- The Group's voting rights and potential voting rights.

Classifying Financial Instruments
The Group exercises judgment in classifying financial instruments in accordance with PFRS 9. The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the Company's business model and its contractual cash flow characteristics and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's consolidated statements of financial position.

Classification of financial instruments is disclosed in Note 2 to the consolidated financial statements.

Distinguishing Investment Properties and Owner-occupied Properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property is held primarily to earn rentals or capital appreciation or both or used for operations and administrative purposes of the Group.

Carrying amount of investment property amounting to P343.5 million as at June 30, 2026 and 2025, and December 31, 2025 (see Note 8).

Determining Classification of Lease Arrangements and Appropriate Lease Term and Discount Rates
The Group has entered into lease agreements as a lessor.

Critical judgment was exercised by the Group to distinguish such lease agreement as an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements.

Lease liabilities and ROU assets were recognized. Payments of lease liabilities are allocated over the principal liability and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each year. The ROU assets are depreciated over the lease term on a straight-line basis.

The lease of office space is renewable upon mutual agreement by both parties to be covered by a separate and new lease agreement. Accordingly, the renewal option was not considered in the lease term for purposes of the adoption of PFRS 16.

Significant management judgment was likewise exercised by the Group in determining the discount rate, whether implicit rate, if readily available or incremental rate, to be used in calculating the present value of ROUs asset and lease liabilities.

Reassessments are made on a continuing basis whether changes should be reflected on the amount of lease liability due to circumstances affecting lease payments and discount rates.

Determining Operating Segments
Although each revenue-generating activity represents a separate operating segment, management has concluded that there is basis for aggregation into a single operating segment as allowed under PFRS 8, "*Operating Segments*", due to their similar passive nature and economic characteristics.

Assessing Provisions and Contingencies
The Group evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

Estimates and Assumptions
The key estimates and assumptions concerning the future and other key sources of estimation of uncertainty at reporting date that may have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next reporting year are discussed below.

Assessing ECL on Debt Instruments
The Group determines the ECL based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on the financial instrument that are possible within 12 months after reporting date. When there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

The Group assessed that the credit risk on debt instruments has not increased significantly since initial recognition as these financial assets are determined to have low credit risk and are entered into with reputable banks, financial institutions and other counterparties.

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

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Cash and cash equivalents*	**P149,122,761**	P120,007,507	P210,220,759
Receivables	**115,687,151**	117,566,701	119,082,256
Due from related parties	**25,950,000**	12,200,000	12,425,000
Investment in quoted bonds measured at FVOCI	**468,052,080**	496,600,222	498,301,670

**excluding cash on hand amounting to P8,986 as at June 30, 2026, P4,957 as at June 30, 2025, and P9,186 as at December 31, 2025.*

Determining Fair Value of Financial Assets at FVPL and FVOCI
The Group carries financial assets at FVOCI at fair value in the consolidated statements of financial position. Determining the fair value of financial assets at FVPL and FVOCI requires extensive use of accounting estimates and judgment. The Group determined the fair values of financial assets at FVPL and FVOCI using a combination of available market prices in active markets for identical assets (Level 1) and prices computed using significant observable inputs (Level 2). Any changes in the fair value of these financial assets and liabilities would affect other comprehensive income.

The fair value of financial assets at FVPL amounted to P82.8 million, P126.8 million and P124.4 million as at June 30, 2026 and 2025, and December 31, 2025, respectively (see Notes 7 and 21).

The fair value of financial assets at FVOCI amounted to P754.7 million, P790.3 million and P707.6 million as at June 30, 2026 and 2025, and December 31, 2025, respectively (see Notes 7 and 21).

Estimating Useful Lives of Investment Property and Property and Equipment
The Group estimates the useful lives of investment property and property and equipment based on the period over which they are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the investment property and property and equipment. In addition, the estimation of the useful lives of investment property and property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience similar assets.

The carrying amount of investment property amounted to P343.5 million as at June 30, 2026 and 2025, and December 31, 2025 (see Note 8).

The carrying amount of property and equipment amounted to P4,613, P29,731 and P6,920 as at June 30, 2026 and 2025, and December 31, 2025, respectively (see Note 8).

Estimating Impairment Losses on Nonfinancial Assets Other than Goodwill
An impairment review is performed when certain impairment indicators are present. The Group determines whether an asset is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

No impairment loss was recognized for the quarters ended and six monts ended June 30, 2026 and 2025.

The carrying amounts of nonfinancial assets are as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Investment property	**P343,475,799**	P343,475,799	P343,475,799
Asset held for sale	**6,810,535**	7,982,794	6,900,286
ROU asset	**1,253,520**	2,402,592	2,236,162
Property and equipment	**4,613**	29,731	6,920
Other current assets	**499,275**	631,705	2,345,869
Other noncurrent assets	**14,616,462**	12,611,274	12,824,035

Estimating Impairment Losses on Goodwill
The Group tests annually whether any impairment in goodwill is to be recognized, in accordance with related accounting policy in Note 2. The recoverable amounts of CGUs have been determined based on the higher of fair value less costs to sell and value in use calculations which require the use of estimates. Based on the impairment testing conducted, the recoverable amounts of the CGUs as at March 31, 2026 and 2025, and December 31, 2025, calculated based on value in use are greater than the corresponding carrying amounts (including goodwill) of the CGUs. The carrying amount of goodwill amounted to P1.3 million as at June 30, 2026 and 2025, and December 31, 2025. No impairment loss was recognized for the quarter ended and six months June 30, 2026 and 2025 (see Note 11).

Assessing Recoverability of Deferred Tax Assets
The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The Company did not recognize a portion of its deferred tax assets amounting to P2.7 million, P2.8 million and P3.7 million as at June 30, 2026 and 2025 and December 31, 2025, respectively, because the management has assessed that these may not be realized because future taxable income may not be sufficient against which the deferred tax assets can be utilized (see Note 17).

4. Cash and Cash Equivalents

This account consists of:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Cash on hand	**P8,986**	P4,957	P9,186
Cash in banks	**54,087,850**	54,647,510	60,036,787
Cash equivalents	**95,034,911**	65,359,997	150,183,972
	P149,131,747	P120,012,464	P210,229,945

Cash in banks earn interest at prevailing bank deposit rates.

Cash equivalents pertain to special savings and time deposits, with terms of varying periods up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at prevailing special savings and time deposit rates.

Interest income earned from cash in banks and cash equivalents amounted to P708,393 and P1,045,694 for the quarters ended June 30, 2026 and 2025, respectively, and P2,669,641 and P2,099,128 for the six months ended June 30, 2026 and 2025, respectively (see Note 14).

5. Receivables

This account consists of:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Notes and loans receivable			
Corporate notes (Note 18)	**P59,999,551**	P64,799,551	P63,999,551
Promissory notes issued by various financial institutions	**52,368,618**	48,112,800	52,233,651
Interest receivable	**1,879,082**	3,197,177	2,106,233
	114,247,251	116,109,528	118,339,435
Less allowance for ECL	**(2,840,311)**	(1,576,969)	(2,840,311)
Notes and loans receivable – net	**111,406,940**	114,532,559	115,499,124
Retainer fee receivable	**3,840,308**	2,915,242	3,139,325
Dividend receivable	**439,903**	118,900	443,807
Current portion of receivables	**P115,687,151**	P117,566,701	P119,082,256

Movements in the allowance for ECL are summarized below:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of the period	**P2,840,311**	P1,564,965	P1,564,965
Additions	**–**	12,005	1,275,346
Write-off	**–**	–	–
Balance at end of period	**P2,840,311**	P1,576,970	P2,840,311

Notes and Loans Receivable

Corporate Notes
Corporate notes outstanding as at June 30, 2026 and 2025, and December 31, 2025 pertain to short-term corporate promissory notes issued by various entities, with terms of thirty-five days up to one year and earn interest ranging from 5.5% to 11.0% per annum.

Promissory Notes Issued by Financial Institutions
Unsecured promissory notes are issued by various financial institutions with terms ranging from two to ten years and earn interest ranging from 4% to 7% per annum.

Interest income earned from corporate notes and promissory notes issued by various financial institutions amounted to P1.4 million and P1.8 million for the quarters ended June 30, 2026 and 2025, respectively, and P3.0 million and P3.3 million for the six months ended June 30, 2026 and 2025, respectively (see Note 14).

Retainer Fee Receivable
This account consists of retainer fee receivables which are collectible on demand and are noninterest-bearing.

6. Assets Held for Sale

In 2024, the Group obtained equipment and furniture valued at P4,207,629 as form of repayment of its notes receivable from one of its debtors. These assets were obtained with the intention to sell to its affiliate companies and is expected to be completed within the next 12 months. As such, these were then classified as current assets held for sale in the statement of financial position. The assets were measured at the lower of carrying amount and fair value less cost to sell and as a result, an impairment loss of P1,125,882 was recognized. For purposes of statements of cash flows reporting, the exchange of equipment and furniture, and notes receivable amounting to P4,207,629 is considered a non-cash operating and investing activity.

In 2025, the assets were measured at the lower of carrying amount and fair value less cost to sell

As at June 30, 2026 and 2025, and December 31, 2025, the carrying amount of the assets held for sale amounted to P6,810,535, P7,982,794 and P6,900,286, respectively.

Management continues to actively market the assets and expects disposal within twelve (12) months from June 30, 2026.

7. Financial Assets at FVTPL; Financial Assets at FVOCI

This account consists of:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
FVTPL			
Investment in:			
Unit investment trust fund (UITF)	**P89,747,464**	126,706,274	P124,249,576
Quoted shares of stocks	**88,123**	128,373	128,110
	89,835,587	126,834,647	124,377,686
FVOCI			
Investments in:			
Quoted bonds	**468,052,080**	496,600,222	420,658,681
Quoted shares of stocks	**247,308,016**	254,371,790	247,621,181
Unquoted shares of stocks	**30,000,000**	30,000,000	30,000,000
Club memberships	**9,300,000**	9,300,000	9,300,000
	754,660,096	790,272,012	707,579,862
	P844,495,683	P917,106,659	P831,957,548

Unrealized gain (loss) on financial assets at FVTPL amounted to P2.3 million for the quarters ended June 30, 2026 and 2025, respectively, and P29,473 and (P1,099,547) for the six months ended June 30, 2026 and 2025 (see Note 16).

Realized gain from financial assets at FVTPL amounted to P302,797 and P154,324 for the quarters ended June 30, 2026 and 2025, respectively, and P533,025 and P166,884 for the six months ended June 30, 2026 and 2025 (see Note 16).

Movements of financial assets at FVOCI and cumulative unrealized gain (loss) on financial assets at FVOCI are as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Cost			
Balance at beginning of period	**P729,253,505**	P831,663,507	P831,663,509
Additions	**160,924,001**	48,207,552	120,921,665
Disposals	**(104,809,680)**	(70,645,843)	(223,331,669)
Balance at end of period	**785,367,826**	809,225,216	729,253,505
Cumulative Unrealized Gain (Loss)			
Balance at beginning of period	**(21,673,643)**	(28,179,968)	(28,179,968)
Unrealized fair value gain (loss) during the period	**(8,039,129)**	10,253,995	7,604,430
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss (Note 16)	**(1,452,590)**	(277,442)	(428,054)
Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold to retained earnings	**457,632**	(749,789)	(670,051)
Balance at end of period	**(30,707,730)**	(18,953,204)	(21,673,643)
Carrying amount	**P754,660,096**	P790,272,012	P707,579,862

Interest income earned from financial assets at FVOCI amounted to P4.4 million and P5.2 million for the quarters ended June 30, 2026 and 2025, respectively, and P8.9 million and P10.8 million for the six months ended June 30, 2026 and 2025, respectively (see Note 14).

Dividend income earned from financial assets at FVOCI amounted to P3.6 million and P2.8 million for the quarters ended June 30, 2026 and 2025, respectively, and P8.3 million and P6.4 million for the six months ended June 30, 2026 and 2025, respectively (see Note 14).

Realized gain (loss) on sale of debt instruments at FVOCI recognized directly to profit or loss amounted to (P687,856) and (P84,766) for the quarters ended June 30, 2026 and 2025, respectively, and P1,452,590 and P277,442 for the six months ended June 30, 2026 and 2025, respectively (see Note 14).

Realized gain (loss) on sale of equity instruments at FVOCI recognized directly to retained earnings amounted to (P457,632) and P749,789 for the quarters ended June 30, 2026 and 2025, respectively.

The fair value of these financial assets are determined based on quoted market bid prices at the close of business as at reporting date since most of these are actively traded in an organized financial market. The fair value measurement of the financial assets at FVOCI is classified as Level 1 (Quoted bonds, shares of stock and club memberships) and level 2 (UITFs).

No ECL was recognized for investments in quoted bonds for the quarters ended June 30, 2026 and 2025 and six months ended June 30, 2026 and 2025.

8. Investment Properties

On December 29, 2023, the Group obtained nine parcels of land through dacion en pago with a related party amounting to P335,615,126 and covering three hundred eighty-three thousand nine hundred ninety-nine (383,999) square meters located at Ibis, Bagac, Bataan. The land's title is currently being processed for transfer to the name of PHC. In 2024, the Company incurred additional costs of P4,067,924 related to the transfer of the property. The carrying amount of this investment property amounted to P343,475,799 as at June 30, 2026 and 2025, and December 31, 2025.

The Group has certain parcels of land amounting to P2,249,424 and covering one thousand two hundred (1,200) square meters located at Pasinay Bagac, Bataan. On January 16, 2019, the land's title was transferred to the name of PMEI.

There are no direct operating expenses arising from investment property that did not generate rental income during the periods.

Level 2 fair values of investment properties have been derived using the market approach. In using the market approach, the value of the investment property is based on recorded sales and listing (or asking prices) of comparable property registered within the vicinity amounted to P383,999,000. Management developed these estimates on the basis of recorded sales and listing (or asking prices) of comparable properties registered within the vicinity of the respective land properties. The most significant input into this valuation approach is the zonal value price per square foot.

The investment property is not pledged as security for liabilities to related parties as at June 30, 2026 and 2025, and December 31, 2025.

9. Property and Equipment

Movements in this account are as follows:

	December 31, 2025 (Audited)	Additions	Disposals Reclassification	**June 30, 2026 (Unaudited)**
Cost				
Transportation equipment	P5,011,638	P–	P–	**P5,011,638**
Furniture and fixtures	3,528,775	–	–	**3,528,775**
Office equipment	1,305,714	–	–	**1,305,714**
Office improvement	39,325	–	–	**39,325**
	9,885,452	–	–	**9,885,452**
Less accumulated depreciation				
Transportation equipment	5,011,638	–	–	**5,011,638**
Furniture and fixtures	3,528,775	–	–	**3,528,775**
Office equipment	1,298,794	2,307	–	**1,301,101**
Office improvement	39,325	–	–	**39,325**
	9,878,532	2,307	–	**9,880,839**
	P6,920			**P4,613**

	December 31, 2024 (Audited)	Additions	Disposals	June 30, 2025 (Unaudited)
Cost				
Transportation equipment	P5,011,638	P–	P–	P5,011,638
Furniture and fixtures	3,528,775	–	–	3,528,775
Office equipment	1,305,714	–	–	1,305,714
Office improvement	39,325	–	–	39,325
	9,885,452	–	–	9,885,452
Less accumulated depreciation				
Transportation equipment	5,011,638	–	–	5,011,638
Furniture and fixtures	3,528,775	–	–	3,528,775
Office equipment	1,264,367	11,616	–	1,275,983
Office improvement	39,325	–	–	39,325
	9,844,105	11,616	-	9,855,721
	P41,347			P29,731

	December 31, 2024 (Audited)	Additions	Disposals	December 31, 2025 (Audited)
Cost				
Transportation equipment	P5,011,638	P–	P–	P5,011,638
Furniture and fixtures	3,528,775	–	–	3,528,775
Office equipment	1,305,714	–	–	1,305,714
Office improvement	39,325	–	–	39,325
	9,885,452	-	–	9,885,452
Less accumulated depreciation				
Transportation equipment	5,011,638		–	5,011,638
Furniture and fixtures	3,528,775	–	–	3,528,775
Office equipment	1,264,367	34,427	–	1,298,794
Office improvement	39,325	–	–	39,325
	9,844,105	34,427	–	9,878,532
	P41,347			P6,920

Depreciation expense from property and equipment is allocated to general and administrative expenses.

Fully-depreciated property and equipment being used by the Company amounted to P9.8 million as at June 30, 2026 and 2025, and December 31, 2025.

10. **Other Noncurrent Assets**

This account consists of:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Creditable withholding tax	**P8,235,309**	P7,790,218	P7,033,172
Input VAT	**5,061,724**	3,501,627	4,471,434
Goodwill (Note 11)	**1,319,429**	1,319,429	1,319,429
	P14,616,462	P12,611,274	P12,824,035

11. **Business Combination and Goodwill**

Goodwill

Goodwill pertains to the acquisition of PSTI by PMEI amounting to P1.3 million.

Management assessed that the recoverable amount of PSTI, the CGU to which the goodwill is allocated, exceeds its carrying amount. In estimating the related value in use, management used a cash flow projection based on past performance of the acquiree covering a five-year period at a discount rate of 4.44%. Cash flows beyond that five-year period have been extrapolated using the Group's average historical growth rate.

No impairment on goodwill was recognized for the quarters ended June 30, 2026 and 2025 and six months ended June 30, 2026 and 2025.

12. **Trade and Statutory Payables**

This account consists of:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Trade and other payables	**P7,482,754**	P2,811,028	P5,723,361
Statutory payables	**369,981**	797,136	1,178,507
	P7,852,735	P3,608,164	P6,901,868

Trade and other payables are noninterest-bearing and are normally settled on a 30-day credit term.

Statutory payables pertain to expanded withholding taxes and other payables to government agencies remitted in the subsequent month.

13. Lease Commitments

The Group As a Lessee

The Group has a lease agreement with Philcomsat for its office space for a term of two years subject to renewal under mutual agreement of both parties. In 2025, the lease contracts were renewed. The annual rent is subject to escalation fee of 5%.

The following are the amounts recognized in the consolidated statements of income:

	From July 1 to June 30, 2025 (Unaudited)	From July 1 to June 30, 2025 (Unaudited)	**From January 1 to June 30, 2026 (Unaudited)**	From January 1 to June 30, 2025 (Unaudited)
Depreciation on ROU assets	**P491,321**	P485,952	**P982,642**	P971,903
Interest on lease liabilities	**4,340**	42,005	**16,185**	75,280
	P495,661	P527,957	**P998,827**	P1,047,183

Movements in the ROU assets are presented below:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**P2,236,162**	P256,558	P256,558
Additions	**–**	3,117,937	3,930,569
Depreciation (Note 15)	**(982,642)**	(971,903)	(1,950,965)
Balance at end of period	**P1,253,520**	P2,402,592	P2,236,162

Details of ROU assets are as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Cost	**P3,930,569**	P3,887,611	P3,930,569
Accumulated depreciation	**(2,677,049)**	(1,485,019)	(1,694,407)
Balance at end of period	**P1,253,520**	P2,402,592	P2,236,162

Depreciation expense from the ROU assets is allocated as follows:

	From July 1 to June 30, 2026 (Unaudited)	From July 1 to June 30, 2025 (Unaudited)	**From January 1 to June 30, 2026 (Unaudited)**	From January 1 to June 30, 2025 (Unaudited)
Cost of services	**P71,106**	P67,346	**P142,211**	P134,693
General and admistrative expenses	**420,215**	418,606	**840,431**	837,210
	P491,321	P485,952	**P982,642**	P971,903

Movements in lease liabilities are presented below:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period	**P2,318,613**	P265,844	P265,844
Additions	**–**	3,117,937	3,930,569
Interest expense (Note 14)	**16,185**	75,280	149,370
Payments	**(1,020,381)**	(1,010,179)	(2,027,170)
Balance at end of period	**P1,314,417**	P2,448,882	P2,318,613

The present value of the minimum lease payments for each of the following periods are as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Not later than one year	**P1,034,669**	P810,524	P2,038,865
More than one year but not later than five years	**279,748**	1,638,358	279,748
	P1,314,417	P2,448,882	P2,318,613

The future minimum lease payments for each of the following periods are as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Not later than one year	**P1,060,689**	P874,145	P2,121,377
More than one year but not later than five years	**285,673**	1,692,866	285,673
More than five years	**–**	–	–
Total minimum lease obligation	**1,346,362**	2,567,011	2,407,050
Less future finance charges on lease liabilities	**31,945**	118,129	88,437
	P1,314,417	P2,448,882	P2,318,613

14. **Revenue**

Disaggregation of revenue is as follows:

	From July 1 to June 30, 2026 (Unaudited)	From July 1 to June 30, 2025 (Unaudited)	**From January 1 to June 30, 2026 (Unaudited)**	From January 1 to June 30, 2025 (Unaudited)
Revenue:				
Interest income	**P6,473,507**	P8,038,544	**P14,583,577**	P16,193,907
Retainer fee	**2,393,036**	2,333,035	**4,762,071**	4,684,071
Dividend income (Note 7)	**3,648,278**	2,818,270	**8,288,182**	6,448,954
Stock transfer fee	**48,061**	129,347	**108,181**	182,955
Other service fee	**47,247**	122,912	**86,750**	262,135
Miscellaneous income	**89,752**	193,773	**90,955**	239,730
	P12,699,881	P13,635,881	**P27,919,716**	P28,011,752

Retainer fee pertains to monthly retainer fees earned by PSTI being a stock transfer agent.

Interest income included in revenue as shown in the consolidated statements of income is earned from the following:

	From July 1 to June 30, 2026 (Unaudited)	From July 1 to June 30, 2025 (Unaudited)	**From January 1 to June 30, 2026 (Unaudited)**	From January 1 to June 30, 2025 (Unaudited)
Cash and cash equivalents (Note 4)	**P708,393**	P1,045,694	**P2,669,641**	P2,099,128
Receivables (Note 5)	**1,414,726**	1,832,034	**3,034,645**	3,284,883
Financial assets at FVOCI (Note 7)	**4,350,388**	5,160,816	**8,879,291**	10,809,896
	P6,473,507	P8,038,544	**P14,583,577**	P16,193,907

15. Costs and Expenses

This account consists of:

	From July 1 to June 30, 2026 (Unaudited)	From July 1 to June 30, 2025 (Unaudited)	**From January 1 to June 30, 2026 (Unaudited)**	From January 1 to June 30, 2025 (Unaudited)
Cost of services:				
Salaries and other benefits	**P390,744**	P357,760	**P741,231**	P669,710
Professional fee	**224,467**	224,467	**416,867**	416,867
Depreciation (Notes 9 and 13)	**71,106**	67,346	**142,211**	134,693
Transportation and travel	**43,137**	33,055	**43,137**	28,346
Communication, light and water	**393**	16,795	**29,014**	56,675
Dues and subscription	**14,173**	14,173	**28,346**	66,418
	744,020	713,596	**1,400,806**	1,372,709
General and administrative expenses:				
Professional fees	**2,159,285**	2,261,103	**4,272,624**	4,504,841
Outside services	**1,331,978**	1,627,792	**2,618,774**	2,801,643
Directors' fees (Note 18)	**831,666**	831,666	**1,663,333**	1,663,333
Transportation and travel	**918,564**	444,780	**1,386,907**	973,042
Representation and entertainment	**793,799**	922,514	**1,033,977**	1,103,009
Depreciation (Notes 9 and 13)	**421,368**	421,969	**842,738**	848,826
Bank charges	**354,069**	365,060	**694,841**	827,788
Office supplies	**119,715**	96,481	**258,929**	161,491
Advertising	**107,143**	107,143	**126,343**	126,343
Dues and subscription	**50,174**	47,174	**107,348**	93,848
Communication, light and water	**3,513**	52,665	**75,794**	88,536
Legal fees	–	924,000	–	924,000
Others	**(1,983,785)**	2,207,559	**1,172,872**	2,609,077
	5,107,489	10,309,906	**14,254,480**	16,725,777
	P5,851,509	P11,023,502	**P15,655,286**	P18,098,486

16. **Other Income (Charges)**

This account consists of:

	From July 1 to June 30, 2026 (Unaudited)	From July 1 to June 30, 2025 (Unaudited)	**From January 1 to March 31, 2026 (Unaudited)**	From January 1 to June 30, 2025 (Unaudited)
Realized gain (loss) on sale of debt instruments measured at FVOCI (Note 7)	**(P687,856)**	(84,766)	**P1,452,590**	P277,442
Unrealized foreign exchange gain (loss)	**254,548**	(508,201)	**826,950**	(953,186)
Realized gain from financial assets at FVTPL (Note 7)	**302,797**	154,324	**533,025**	166,884
Unrealized gain (loss) on financial assets at FVPL (Note 6)	**2,289,619**	2,330,890	**29,473**	(1,099,547)
	P2,159,108	P1,892,247	**P2,842,038**	(P1,608,407)

17. **Income Tax**

The composition of provision for current income tax is as follows:

	From July 1 to June 30, 2026 (Unaudited)	From July 1 to June 30, 2025 (Unaudited)	**From January 1 to June 30, 2026 (Unaudited)**	From January 1 to June 30, 2025 (Unaudited)
RCIT	**P137,438**	P251,410	**P376,972**	P508,917
MCIT	**17,164**	33,106	**46,057**	78,736
	P154,602	P284,516	**P423,029**	P587,653

The reconciliation of the income tax expense computed at statutory tax rate to actual income tax expense (benefit) as presented in the consolidated statements of income are as follows:

	From January 1 to June 30, 2026 (Unaudited)	From January 1 to June 30, 2025 (Unaudited)
Income tax at statutory rate	**P3,772,571**	P2,057,395
Add (deduct) tax effects of:		
Nontaxable:		
Unrealized loss on financial assets at FVPL	**(17,365)**	274,204
Realized loss (gain) on sale of debt instruments measured at FVOCI	**(363,148)**	(69,361)
Realized gain from financial assets at FVTPL	**(133,256)**	(41,721)
Dividend income	**(2,072,046)**	(1,612,239)
Interest income already subjected to a final tax	**(3,215,221)**	(3,519,608)
Nondeductible expenses	**(80,441)**	758,083
Tax expense on NOLCO	**2,709,039**	2,463,834
Tax expense on MCIT	**46,057**	67,659
Application of MCIT	–	1,259
Effect of differences in tax rates	**(159,867)**	(80,819)
	P486,323	P298,686

	From July 1 to September 30, 2025 (Unaudited)	From July 1 to June 30, 2025 (Unaudited)
Income tax at statutory rate	**P2,250,785**	P1,115,655
Add (deduct) tax effects of:		
Nontaxable:		
Realized loss on sale of debt instruments measured at FVOCI	**171,964**	21,191
Realized gain from financial assets at FVTPL	**(75,699)**	(38,581)
Unrealized gain on financial assets at FVPL	**(582,402)**	(583,405)
Dividend income	**(912,070)**	(704,568)
Interest income already subjected to a final tax	**(1,421,524)**	(1,707,788)
Nondeductible expenses	**(359,774)**	638,925
Tax expense on NOLCO	**1,275,423**	1,576,890
Tax expense on MCIT	**17,164**	22,029
Application of MCIT	–	1,259
Effect of differences in tax rates	**(145,805)**	(13,612)
	P218,062	P327,995

The components of the recognized deferred tax assets (liabilities) – net of the Group are as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Unaudited)
Deferred tax asset (liability):			
NOLCO	**P69,345**	P–	P65,059
Allowance for doubtful accounts	**8,080**	8,080	8,080
Leases	**1,754**	671	612
MCIT	**1,259**	–	1,259
Unrealized foreign exchange gain	**(206,738)**	–	(138,016)
.	**(P126,300)**	P8,751	(P63,006)

The components of the Group's unrecognized deferred tax assets are as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Unaudited)
NOLCO	**P2,709,039**	P2,463,834	P3,568,984
MCIT	**46,057**	67,659	87,198
Unrealized foreign exchange loss	–	238,297	–
Leases	**(6,817)**	10,734	15,995
	P2,748,279	P2,780,524	P3,672,177

The Parent Company did not recognize deferred tax assets amounting to P2.7 million, P2.8 million and P3.7 million as at June 30, 2026 and 2025 and December 31, 2024, respectively, because management assessed that these may not be realized because future taxable income may not be sufficient against which the tax benefits can be claimed or deducted.

18. Related Party Transactions

The Company has transactions with related parties as follows:

		Amount of Transactions (in millions)			Outstanding Balance (in millions)	
	Nature of Transaction	**From January 1 to June 30, 2026 (Unaudited)**	From January 1 June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Included under "Receivables"						
Company under Common Control						
MBCI*	Notes receivable	**(P4.0)**	(P4.3)	**P50.0**	P50.0	P54.3
MBCI	Interest Income	**1.6**	1.7	–	0.001	-
				P50.0	P50.0	P54.3

**Montemar Beach Club Inc. (MBCI)*

		Amount of Transactions (in millions)		Outstanding Balance (in millions)		
	Nature of Transaction	**From January 1 to June 30, 2026 (Unaudited)**	From January 1 June 30, 2025 (Unaudited)	**June 30, 2026 (Unaudited)**	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Presented under "Due from Related Parties"						
Company under Common Control						
MBCI	Cash advances	**P13.5**	**P–**	**P26.0**	P5.0	P12.4
Immediate Parent						
Philcomsat	Cash advances	**7.2**	7.2	**7.2**	7.2	–
				P33.2	P12.2	P12.4
Presented under "Lease Liability"						
Immediate Parent						
Philcomsat	Lease of office space	**(P1.0)**	**(P0.9)**	**P1.8**	**P2.4**	P2.0
Philcomsat	Interest expense	**(0.02)**	**(0.08)**	**–**	**–**	–
				P1.8	P0.7	P2.0
Presented under "Deposit for Future Stock Subscription						
Immediate Parent						
Philcomsat	Future subscription	**P–**	P–	**P18.9**	P18.9	P18.9
Included under "Revenue"						
Subsidiary						
PMEI	Dividend income	**P3.0**	P3.0	**P–**	P–	P–
PSTI	Dividend income	**–**	3.0	**–**	–	–
				P–	P–	P–
Included under "Costs and Expenses"						
Immediate Parent						
Philcomsat	Association dues	**(P0.1)**	(P0.1)	**P–**	P–	P–
Philcomsat	Utilities	**(0.1)**	(0.1)	**–**	–	–
Subsidiary						
PSTI	Professional fee as stock transfer agent	**(0.09)**	(0.09)	**–**	–	–
				P–	P–	P–

Dividend income from PMEI and PSTI in 2026 and 2025 was eliminated in the consolidation.

The amount of transactions with PSTI amounting to P90,000 for the six months ended June 30, 2026 and 2025, respectively, were eliminated in the consolidation.

Receivable from MBCI

Cash advances to MBCI are unsecured and due on demand and bear interest at 5% to 6% per annum and will be settled in cash.

Due to a Related Party

Due to a related party is unsecured, noninterest-bearing, due on demand and will be settled in cash.

The Group as a Lessee

The Group has a lease agreement with Philcomsat for the rent of its office space located at the 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City. The lease terms are for two years and is renewable under mutual agreement of both parties.

Stock Transfer Agency

The Parent Company entered into an agreement with PSTI to avail their services as stock transfer agent.

Compensation of Key Management Personnel

Compensation of the key management personnel of the Company consists only of directors' fees amounting to P0.8 million for the quarter ended March 31, 2025 and 2024, respectively (see Note 15).

The Company does not have any regular employees. The accounting and management services are under the management of Philcomsat.

19. Earnings Per Share

Basic/diluted earnings per share is computed as follows:

	From January 1 to June 30, 2026 (Unaudited)	From January 1 to June 30, 2025 (Unaudited)
Net income	**P14,603,960**	P7,930,893
Weighted average number of shares outstanding	**996,391,254**	996,391,254
	P0.0147	P0.0080

	From July 1 to June 30, 2026 (Unaudited)	From July 1 to June 30, 2025 (Unaudited)
Net income	**P8,785,078**	P4,134,626
Weighted average number of shares outstanding	**996,391,254**	996,391,254
	P0.0088	P0.0041

20. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are comprised of cash and cash equivalents, receivables (excluding advances subject to liquidation), due from related parties, financial assets at FVPL and FVOCI, trade and other payables (excluding statutory payables), customers' deposits and due to a related party. The main risks arising from the Group's financial instruments are market, credit and liquidity risks.

Market Risk

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

The central focus of the Group's market risk management is financial assets at FVOCI. The Group has established a risk management/measure system to mitigate the adverse effects in fluctuations of the price or market value of these financial assets. The current policies of the Group are anchored on the selective purchase of shares of stock and establishment of trading and stop loss limits on dealer trading activities to manage possible financial losses to be incurred from trading activities.

Equity Price Risk

Equity price risk is the risk that the fair values of equity instruments recognized under financial assets at FVOCI decrease as the result of changes in the levels of equity indices and the value of individual stocks.

The Company measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations. The table below sets forth the impact of changes in PSEi in other comprehensive income.

	Increase (Decrease) in PSEi	Increase (Decrease) in Other Comprehensive Income
June 30, 2026	**11%**	**P26,071,274**
	(4%)	**(11,074,679)**
June 30, 2025	5%	11,837,092
	(9%)	(22,395,319)
December 31, 2025	12%	30,657,948
	(3%)	(6,450,702)

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the net unrealized gain (loss) for the period, based on the adjusted beta rate of equity securities as at June 30, 2026 and 2025, and December 31, 2025.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at June 30, 2026 and 2025, and December 31, 2025, the Group has repriceable financial assets, specifically investments in quoted bonds classified as financial assets at FVOCI. Accordingly, the Group is subject to fair value interest rate risk.

The Group measures the sensitivity of its investment securities by using PHP BVAL reference rate fluctuations. The table below sets forth the impact of changes in PHP BVAL in the Group's other comprehensive income.

	Increase (Decrease) in PHP BVAL	Increase (Decrease) in Other Comprehensive Income
June 30, 2026	**11%**	**P50,206,350**
	(18%)	(83,344,621)
June 30, 2025	4%	21,963,691
	(2%)	(8,815,587)
December 31, 2025	6%	28,444,281
	(2)%	(8,674,316)

Foreign Exchange Risk

The Group's foreign-currency denominated financial instrument consists of cash in banks and cash equivalents totaling US$0.5 million as at June 30, 2026 and 2025, and December 31, 2025, respectively. The Group's exposure to foreign currency risk is insignificant.

The Group's objective is to reduce the exposure to foreign currency risk at a minimum since revenues are peso-denominated.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial assets that potentially subject the Group to credit risk consist primarily of cash in banks and cash equivalents, receivables (excluding advances subject to liquidation), due from related parties and debt instruments measured at FVOCI.

The Group enters into contracts only with recognized, credit-worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group obtains guarantees where appropriate to mitigate credit risk.

Financial Assets

The Group limits its credit risk by depositing its cash with highly reputable and pre-approved financial institutions and by providing loans to counterparties with sufficient liquid assets to settle the loan balance when demanded.

As discussed in Note 3 to the financial statements, the Group considers credit risk in measuring ECL of debt instruments at amortized cost. Since all of these financial assets of the Company are considered to have low credit risk, impairment loss is limited to 12 months ECL.

The Group has no concentration of credit risk. The carrying amounts of the Group's financial assets at amortized cost and FVOCI represent the maximum exposure to credit risk as at the reporting date as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Cash and cash equivalents*	**P149,122,761**	P120,007,507	P210,229,945
Receivables	**115,687,151**	117,566,701	119,082,256
Due from related parties	**25,950,000**	12,200,000	12,425,000
Financial assets at FVTPL	**89,835,587**	126,834,647	124,377,686
Financial assets at FVOCI	**754,660,096**	790,272,012	707,579,862

**excluding cash on hand amounting to P8,986 as at June 30, 2026, P4,957 as at June 30, 2025, and P9,186 as at December 31, 2025.*

Generally, receivables are written-off if collection cannot be made despite exhausting all extra-judicial and legal means of collection. The maximum exposure to credit risk at reporting date is the carrying value of the financial assets. The Group does not hold collateral as security.

Liquidity Risk

The Group seeks to manage its liquid funds through cash planning on a monthly basis. The Group uses historical figures and experiences, and forecasts from its collection and disbursements. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. Moreover, it continuously assesses conditions in the financial markets for possible business opportunities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash. The Group considers its available funds and its liquidity in managing its financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient capital inflows to match repayments of trade and other payables.

The tables below summarize the maturity profile of the Company's financial liability based on contractual undiscounted payments:

	June 30, 2026 (Unaudited)				
	On Demand	**1 to 3 months**	**3 to 12 months**	**More than 12 months**	**Total**
Trade and other payables	**P–**	**P7,482,754**	**P–**	**P–**	**P7,482,754**
Dividends payable	**10,322,959**	**–**	**–**	**–**	**10,322,959**
Lease liabilities	**–**	**1,034,669**	**–**	**279,748**	**1,314,417**
	P10,322,959	**P8,517,423**	**P–**	**P279,748**	**P19,120,130**

	June 30, 2025 (Unaudited)				
	On Demand	1 to 3 months	3 to 12 months	More than 12 months	Total
Trade and other payables	P–	P2,811,028	P–	P–	P2,811,028
Dividends payable	5,184,637	–	–	–	5,184,637
Due to a related party	78,106	–	–	–	78,106
Lease liabilities	–	810,524	–	1,638,358	2,448,882
	P5,262,743	P3,621,552	P–	P1,638,358	P10,522,653

	December 31, 2025 (Audited)				
	On Demand	1 to 3 months	3 to 12 months	More than 12 months	Total
Trade and other payables	P–	P5,723,361	P–	P–	P5,723,361
Dividends payable	5,184,637	–	–	–	5,184,637
Due to a related party	–	–	–	–	0
Lease liabilities	2,038,865	–	–	279,748	2,318,613
Deposit for future stock subs	–	–	–	18,894,000	18,894,000
	P7,223,502	P5,723,361	P–	P19,173,748	P32,120,611

21. Fair Value Measurement

The tables below present the financial assets and liabilities of the Company whose carrying amounts approximate fair values due to the short-term nature of the transactions:

Financial Assets

	June 30, 2026 (Unaudited)		June 30, 2025 (Unaudited)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and cash equivalents	**P149,131,747**	**P149,131,747**	P120,012,464	P120,012,464
Receivables	**115,687,151**	**115,687,151**	117,566,701	117,566,701
Due from related parties	**25,950,000**	**25,950,000**	12,200,000	12,200,000
Financial assets at FVPL	**89,835,587**	**89,835,587**	126,834,647	126,834,647
Financial assets at FVOCI:				
Quoted bonds	**468,052,080**	**468,052,080**	496,600,222	496,600,222
Quoted shares of stocks	**247,308,016**	**247,308,016**	254,371,790	254,371,790
UITFs	**–**	**–**	–	–
Unquoted shares of stocks	**30,000,000**	**30,000,000**	30,000,000	30,000,000
Club memberships	**9,300,000**	**9,300,000**	9,300,000	9,300,000
	P1,135,264,581	**P1,135,264,581**	P1,166,885,824	P1,166,885,824

	December 31, 2025 (Audited)	
	Carrying Amount	Fair Value
Cash and cash equivalents	P210,229,945	P210,229,945
Receivables	119,082,256	119,082,256
Due from related parties	12,425,000	12,425,000
Financial assets at FVPL	124,377,686	124,377,686
Financial assets at FVOCI:		
Quoted bonds	420,658,681	420,658,681
Quoted shares of stocks	247,621,181	247,621,181
Unquoted shares of stocks	30,000,000	30,000,000
Club memberships	9,300,000	9,300,000
	P1,173,694,749	P1,173,694,749

Financial Liabilities

	June 30, 2026 (Unaudited)		June 30, 2025 (Unaudited)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Trade and other payables	**P7,482,754**	**P7,482,754**	P2,811,028	P2,811,028
Dividends payable	**10,322,959**	**10,322,959**	5,184,637	5,184,637
Due to a related party	**–**	**–**	78,106	78,106
Lease liabilities	**1,314,417**	**1,314,417**	2,448,882	2,448,882
	P19,120,130	**P19,120,130**	P10,522,653	P10,522,653

	December 31, 2025 (Audited)	
	Carrying Amount	Fair Value
Trade and other payables	P5,723,361	P5,723,361
Dividends payable	5,184,637	5,184,637
Lease liabilities	2,318,613	2,318,613
	P13,226,611	P13,226,611

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Due from Related Parties, Accounts Payable and Accrued Expenses and Customers' Deposits. Due to the short-term nature of transactions, the carrying amounts approximate their fair values as at reporting date.

Financial Assets at FVPL and FVOCI. The fair value of these financial assets, except for managed funds, are determined in reference to quoted market bid prices at the close of business on the reporting date since most of these are actively traded in an organized financial market. The fair values of managed funds are determined through reference to the quoted price of the underlying securities in the fund. The fair value measurement of these financial assets is classified as Level 1 (Quoted bonds, shares of stock and club memberships) and Level 2 (UITFs).

Receivables (excluding Advances Subject to Liquidation). The fair values of receivables are estimated as the present value of all future cash flows discounted using applicable rates of similar type of instruments as at reporting date. The discount rates used ranged from 6.0% to 7.0% as at June 30, 2026 and 2025, and December 31, 2025. The fair value measurement of these receivables is classified as Level 2 (Significant observable inputs).

Lease Liabilities . The carrying amount of lease liabilities approximate its fair value because the initial recognition of lease liability is based on the discounted value of lease rentals and expected payments at the end of the lease.

22. **Capital Management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments when there are changes in economic conditions.

The Company considers total equity as its capital. The Company monitors its capital structure using debt-to-equity ratio which is gross debt divided by equity as follows:

	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	December 31, 2025 (Audited)
Total Debt	**P38,510,411**	P30,213,789	P33,362,124
Total Equity	**1,463,414,374**	1,503,814,681	1,508,121,696
Debt-to-equity ratio	**0.03:1**	0.02:1	0.02:1

23. Changes in Liabilities Arising from Financing Activities

The following table summarizes the changes in liabilities arising from financing activities as at June 30, 2026 and 2025:

	December 31, 2025 (Audited)	Additions	Payments	**June 30, 2026 (Unaudited)**
Lease liabilities	P2,318,613	–	(P1,004,196)	**P1,314,417**

	December 31, 2024 (Audited)	Additions	Payments	June 30, 2025 (Unaudited)
Lease liabilities	P265,844	P3,117,937	(P934,899)	P2,448,882

24. Operating Segment Information

The Group is organized into operating segments based on the type of product or service. The Group's reportable operating segments relates to investing of funds in various financial assets, service agreements with the government and stock transfer agency.

The disaggregated revenue, as disclosed in Note 14, was assigned to the operating segments as follows:

Revenue as Disaggregated	Operating Segment
Interest income	Investing of funds
Dividend income	Investing of funds
Rent income	Investing of funds
Service fees	Service agreement with the government / Management services
Retainer fee	Stock transfer agency
Stock transfer fee	Stock transfer agency
Other service fee	Stock transfer agency
Gain on sale of a subsidiary	Investing of funds
Gain on sale of investment property	Investing of funds

All of the assets relating to the Group's operating segments are located in the Philippines. Accordingly, reporting operating segments per geographical business operation is not required.

Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and expenses are consistent with that presented in the consolidated statements of comprehensive income.

Significant information of the Group's reportable segments is as follows:

June 30, 2026 (Unaudited)

Segment	**Investing of Funds**	**Management Services**	**Stock Transfer Agency**	**Total**
Segment revenue	**P22,962,714**	**P–**	**P4,957,002**	**P27,919,716**
Segment profit	**25,852,221**	**–**	**3,270,366**	**29,122,587**
Interest income	**14,583,577**	**–**	**–**	**14,583,577**
Depreciation	**781,791**	**–**	**203,158**	**984,949**
Provision for income tax	**114,779**	**(4,286)**	**375,830**	**486,323**
Total assets	**1,465,989,123**	**27,975,829**	**7,959,833**	**1,501,924,785**
Total liabilities	**36,386,265**	**16,982**	**2,107,164**	**38,510,411**

June 30, 2025 (Unaudited)

Segment	Investing of Funds	Management Services	Stock Transfer Agency	Total
Segment revenue	P22,882,591	P–	P5,129,161	P28,011,752
Segment profit	29,091,478	–	3,338,879	32,430,357
Interest income	16,193,907	–	–	16,193,907
Depreciation	786,210	–	197,309	983,519
Provision for income tax	(264,219)	55,203	507,702	298,686
Total assets	1,505,552,692	24,333,568	4,142,210	1,534,028,470
Total liabilities	29,571,031	1,181	641,577	30,213,789

December 31, 2025 (Audited)

Segment	Investing of Funds	Management Services	Stock Transfer Agency	Total
Segment revenue	P45,323,602	P–	P10,288,180	P55,611,782
Segment profit	51,434,461	–	6,446,817	57,881,278
Interest income	31,471,392	–	–	31,471,392
Depreciation	1,568,738	–	416,655	1,985,393
Provision for income tax	(88,667)	(22,192)	897,239	786,380
Total assets	1,508,773,612	24,742,742	8,040,082	1,541,556,436
Total liabilities	31,637,626	80,982	1,716,132	33,434,740

Reconciliation of the total balances for the reportable segments with the balances in the consolidated statements of financial position and consolidated statements of income is as follows:

	June 30, 2026 (Unaudited)		
	Reportable Segments	**Not Attributable to Reportable Segments**	**Consolidated Balances**
Revenue	**P24,874,716**	**P–**	**P24,874,716**
Cost and expenses	**(2,904,715)**	**(13,548,446)**	**(16,453,161)**
Other income	**2,842,604**	**–**	**2,842,604**
Finance costs	**(16,185)**	**–**	**(16,185)**
Income (loss) before income tax	**24,796,420**	**(13,548,446)**	**11,247,974**
Benefit from income tax	**486,323**	**–**	**486,323**
Net income (loss)	**P24,310,097**	**(P13,548,446)**	**P10,761,651**
Assets	**P1,500,605,356**	**P1,319,429**	**P1,501,924,785**
Liabilities	**P38,510,411**	**P–**	**P38,510,411**

	June 30, 2025 (Unaudited)		
	Reportable Segments	Not Attributable to Reportable Segments	Consolidated Balances
Revenue	P28,011,752	P–	P14,375,871
Cost and expenses	(4,724,224)	(13,374,262)	(7,074,984)
Other income	(1,608,407)	–	(3,500,654)
Finance costs	(75,280)	–	(33,275)
Income (loss) before income tax	21,603,841	(13,374,262)	3,766,958
Benefit from income tax	298,686	–	(29,309)
Net income (loss)	P21,305,155	(P13,374,262)	P3,737,649
Assets	P1,532,709,041	P1,319,429	P1,534,028,470
Liabilities	P30,213,789	P–	P30,213,789

December 31, 2025 (Audited)			
	Reportable Segments	Not Attributable to Reportable Segments	Consolidated Balances
Revenue	P55,656,782	P–	P55,656,782
Cost and expenses	(6,797,914)	(28,347,701)	(35,145,615)
Other income (charges)	(2,204,382)	–	(2,204,382)
Finance costs	(149,370)	–	(149,370)
Income (loss) before income tax	46,505,116	(28,347,701)	18,157,415
Provision for income tax	786,380	–	786,380
Net income (loss)	P45,718,736	(P28,347,701)	P17,371,035
Assets	P1,540,237,007	P1,319,429	P1,541,556,436
Liabilities	P33,434,740	P–	P33,434,740

Differences between the reportable segment's assets, liabilities, revenue and net income and the Group's consolidated assets, liabilities, revenue and net income pertain primarily to goodwill and the Parent Company's operating expenses in 2026 and 2025, which cannot be directly attributed to any reportable segment.

25. Aging of Accounts Receivable

The aging schedule of the Group's receivables are as follows:

	June 30, 2026 (Unaudited)			
	Neither Past Due nor Impaired	**Past Due but not impaired**		
		30 days	**More than 60 days**	**Total**
Notes and loans	**P112,368,169**	**P–**	**P–**	**P112,368,169**
Due from related parties	**25,950,000**	**–**	**–**	**25,950,000**
Interest receivable	**1,879,082**	**–**	**–**	**1,879,082**
Retainer fee receivable	**3,840,308**	**–**	**–**	**3,840,308**
Dividend receivable	**439,903**	**–**	**–**	**439,903**
	P144,477,462	**P–**	**P–**	**P144,477,462**

	June 30, 2025 (Unaudited)			
	Neither Past Due nor Impaired	Past Due but not impaired		
		30 days	More than 60 days	Total
Notes and loans	P112,912,351	P–	P–	P112,912,351
Due from related parties	12,200,000	–	–	12,200,000
Interest receivable	3,197,177	–	–	3,197,177
Retainer fee receivable	2,915,242	–	–	2,915,242
Dividend receivable	118,900	–	–	118,900
	P131,343,670	P–	P–	P131,343,670

	December 31, 2025 (Audited)			
	Neither Past Due nor Impaired	Past Due but not impaired		
		30 days	More than 60 days	Total
Notes and loans	P116,233,202	P–	P–	P116,233,202
Due from related parties	12,425,000	–	–	12,425,000
Interest receivable	2,106,233	–	–	2,106,233
Retainer fee receivable	3,139,325	–	–	3,139,325
Dividend receivable	443,807	–	–	443,807
	P134,347,567	P–	P–	P134,347,567

26. **Civil Cases**

An action was filed in the Sandiganbayan by a group claiming to be directors and officers of POTC and Philcomsat (referred to as the Locsin Group) seeking to enjoin the present and actual directors and officers of POTC and Philcomsat (referred to as the Bildner Group) from representing themselves as directors and officers and representatives of said companies. The real and valid directors and officers of POTC and Philcomsat then sought the dismissal of the complaint against them on the ground of lack of jurisdiction and res judicata. The Sandiganbayan issued a decision dismissing the case. The Locsin group, still alleging that they are the POTC and Philcomsat board of directors, however, appealed the case with the Supreme Court (SC) on November 10, 2008. The SC consolidated this case with three other cases.

On July 3, 2013, the SC in GR Nos. 184622, 184712-14, 186066 and 186590 ruled in favor of the Bildner Group and declared that indeed, the Bildner Group is the legitimate board of directors of POTC and Philcomsat. The July 3, 2013 Decision attained finality on October 23, 2013 when the SC issued a Resolution denying the Motions for Reconsideration filed by the opposing parties. On March 27, 2014, the July 23, 2013 Decision has become final and executory.

The Bildner group representing POTC, Philcomsat and PHC also filed cases for the recovery of advances made by the Locsin Group, purportedly as their entitlements as directors/officers of POTC and Philcomsat, through PHC's funds, that Locsin group previously controlled.

27. Litigation

The following cases were filed by the Parent Company to recover assets allegedly withdrawn or misappropriated by the former officers:

- Philippine Communications Satellite Corporation against Philcomsat Holdings Corp. (PHC and former directors), Luis Lokin Jr., Enrique Locsin and Philip Brodett (Locsin Group)

  PHC, through the valid and incumbent directors (Bildner Group) filed a Motion for Issuance of Writ of Execution with the Regional Trial Court (RTC) of Makati Branch 138 as court of origin, following the final resolution of SC declaring the election of Locsin Group as PHC's officers and directors. Accordingly, the SC ordered the Locsin Group to render an accounting and return of funds allegedly received from the Parent Company. An Order granting the Motion was issued on February 20, 2017, resulting to the issuance of the Writ of Execution on February 28, 2017. On January 9, 2018, PHC filed a manifestation for the implementation of the Writ of Execution. On February 9, 2018, an Order was issued directing PHC, within thirty (30) days from receipt, to submit its preferred accounting firm who will conduct the accounting of all funds and other assets received from POTC, PHC and Philcomsat since September 2004. On February 22, 2018, PHC filed its Ex-Parte Manifestation and Motion, in compliance with the said Order. On July 11, 2018, the Sheriff of the Office of the Clerk of Court of Makati served the Writ of Execution to Manuel Andal, Benito Araneta, Philip Brodett, Enrique Locsin, Concepcion Poblador and Johnny Tan. On June 6, 2019, PHC filed an Ex-Parte Motion to Resolve the pending motion to appoint Virgilio R. Santos as the auditing accounting firm for the execution of the SC Decision dated July 3, 2013 issued in GR Nos. 184622, 184712-14, 186066 and 186590.

  There was a status conference held in this case on December 13, 2019 where the Court required the defendants to provide a name of their selected accountant to move forward with the audit. The defendants failed or refused again to comply, so the Court is likely to appoint Philcomsat's proposed accountant, Virgilio R. Santos, to do the audit. On May 18, 2022, Philcomsat filed an Ex-Parte Motion to Resolve praying that an Order be issued allowing VRS to commence the accounting of corporate funds received, utilized and disbursed by all the defendants and their assigns, which the Court granted in its Order of June 3, 2022. However, VRS has already retired. The issue of who would render the audit remains unsolved.

  On May 2, 2017, the Presidential Commission on Good Government (PCGG) and Locsin filed with the Court of Appeals (CA) a Petition for Certiorari and Prohibition with Very Urgent Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction assailing the Order dated February 20, 2017 issued by the RTC. On January 30, 2018, the CA issued a Decision dismissing the Petition. On February 22, 2018, PCGG and Locsin filed their Motion for Reconsideration with Motion to Exclude the PCGG from the instant Petition, which are both denied in a Resolution dated June 27, 2018. On August 8, 2018, PCGG filed its Motion for Reconsideration on the denial of its Motion for Exclusion. On October 29, 2018, Philcomsat filed its Opposition thereto.

  Meanwhile, PCGG and Locsin filed a Petition for Review with the Supreme Court (SC) questioning the Decision issued by the CA dated January 30, 2018, which dismissed their Appeal. Philcomsat filed its comment thereto on November 6, 2018. PCGG filed its Reply on February 17, 2020. On December 7, 2022, the Court issued a Resolution requiring the parties to file their respective memoranda. On March 10 and 13, 2023, Philcomsat and PCGG filed their

Separately, Brodett filed his Petition for Certiorari under Rule 65 with the CA assailing the Order issued by the RTC, which denied his Motion for Clarification on the issue of rendering an accounting of the funds. The CA denied his Petition on the ground that clarification may only be allowed if the order involves a clerical error but not when it is an alleged erroneous judgment or dispositive portion of the decision. Since Brodett's Motion for Clarification was raised questioning the grant of a writ of execution, the CA held that it cannot be subject of a motion for clarification. On December 15, 2017, the CA's dismissal was issued and the case was considered terminated. Brodett still filed his Motion for Reconsideration, which was denied on May 10, 2018. Brodett elevated the matter to the SC via Petition for Review but the SC denied the same in a Resolution dated August 29, 2018.

Meanwhile, even with the separate filings made by the respondents with the appellate courts relating to this advances to affiliate case, on September 25, 2025, Philcomsat filed an omnibus Motion to proceed with the accounting and return of funds taken by the Locsin Group from PHC, Philcomsat and POTC, but the same is pending resolution, to date.

- Complaint for collection against Araneta and Lokin

On May 26, 2010, a complaint for collection of sum of money and damages, with an application for a Writ of Preliminary Attachment dated May 24, 2010 was filed by the Parent Company against Benito Araneta and Luis Lokin Jr., former directors of the Parent Company for an alleged personal back to back loans with Bankwise procured by Araneta using the Parent Company's funds as collateral, with the help of Lokin, in the amount of P35.3 million.

On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC; a) actual damages in the sum of P31.5 million plus legal interest of 6% computed from May 26, 2010, the time of judicial demand until fully paid; b) P200,000 as and by way of exemplary damages; and c) P200,000 as and by way of attorney's fees, plus costs of suit.

Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively. On January 16, 2018, the Court of Appeals (CA) required defendants to file Appellant’s Brief within 45 days from receipt thereof. On April 20, 2018 and May 7, 2018, PHC received Lokin and Araneta's Appellant's Briefs, respectively. On June 5, 2018, PHC filed its Appellee's Brief. On September 18, 2018, PHC filed a Compliance submitting proof of service of its Appellee's Brief to defendants in accordance with the CA's Resolution dated July 2, 2018. On April 25, 2019, the CA issued a Decision granting Araneta’s appeal. On May 30, 2019, PHC filed its Motion for Reconsideration of the said Decision. On July 11, 2019, Araneta filed his Comment thereto, in accordance with the Resolution dated June 6, 2019 issued by the CA to file the same.

On October 24, 2019, the Court of Appeal issued a Resolution denying PHC’s Motion for Reconsideration.

On November 26, 2019, PHC elevated the case to the Supreme Court via Petition for Review on Certiorari under Rule 45. On March 9, 2020, Araneta filed his Comment. On July 21, 2023, Araneta filed a Motion for Early Resolution. This case is still pending resolution by the High Court.

- Criminal complaint against Brodett and Bankwise Officers using spurious bank accounts for company's deposits

  On May 8, 2008, the Parent Company filed a criminal complaint for estafa for misappropriation of corporate funds against Brodett, a former director of the Parent Company, and certain officers of Bankwise. The complaint alleged that the unauthorized deposits, withdrawals and transfers of the Company's funds in the amount of P66.8 million was processed through spurious bank accounts and involved the co-mingling and transfer of funds between the Parent Company's accounts and certain personal accounts.

  On June 14, 2016, an Order was issued allowing Brodett to present his defense only with respect to the P27.0 million and P9.3 million which allegedly came from PHC funds and not in the whole amount of P66.8 million. On July 1, 2016, a Motion for Reconsideration of the said Order was filed by the Private Prosecutor (Parent Company). On August 30, 2016, the Private Prosecutor filed a Reply to Brodett's Comment/Opposition dated August 25, 2016. After the presentation of defense evidence has already been concluded on June 5, 2018, the accused filed their Formal Offer of Evidence, which was partially admitted by the Court on August 28, 2018. On February 21, 2020, the Court promulgated its judgment finding accused Brodett guilty for the crime of theft, sentencing him to the penalty of imprisonment for a minimum period of four (4) years, two (2) months, one (1) day, to a maximum period of sixteen (16) years and 4 months. He was also found civilly liable to pay PHC the amount of P14,235,700, with legal interest of 12% per annum from April 11, 2008 until June 30, 2013 and the total obligation plus 6% legal interest from July 1, 2013 until fully paid. On March 3, 2020, Brodett filed his Motion for Partial Reconsideration of the Decision.

  In resolving said Motion for Reconsideration, the RTC found him to be guilty of qualified theft, for which his sentence was modified to imprisonment for a minimum period of ten (10) years and one (1) day of Prision Mayor to a maximum of twenty (20) years of Reclusion Temporal. Brodett appealed to the Court of Appeals, where he obtained a reversal of the RTC Decision. The Office of the Solicitor General, as the prosecuting agency designated by the State to handle criminal cases on appeals, filed a Motion for Reconsideration, which is now pending for resolution.

- Criminal complaint against Araneta for non-return of PHC deposits

  A criminal complaint for estafa was filed against Araneta for money market placements amounting to P65.0 million which allegedly were not returned to the Parent Company. The case was dismissed on February 9, 2009 for lack of probable cause. The appeal filed on March 4, 2009 is still pending decision with the DOJ as of report date.

- Criminal complaint against Concepcion A. Poblador

  A criminal complaint for estafa was filed against Ms. Poblador for allegedly receiving cash advances amounting to P14.5 million, which she failed to account for and return to the Parent Company after formal demands. On February 9,2009, the DOJ issued a Resolution directing the filing of an information against Ms. Poblador only for P0.2 million.

On January 7, 2014, the Parent Company filed a Petition for Certiorari praying that the DOJ file new information against Ms. Poblador for estafa for the total amount of P16.7 million. On January 10, 2014, the Parent Company received a Petition for Certiorari filed by Ms. Poblador seeking the reversal of the Resolution directing the filing of an Information for estafa against her for P0.2 million. On August 29, 2014, the two petitions were consolidated.

On April 26, 2017, subsequent to the filing of the parties' respective Memoranda, the CA issued a Resolution requiring Ms. Poblador to file a Rejoinder to the Parent Company's Reply (to the Memorandum of Poblador). In the meantime, the case was returned to "Completion State" pending the filing of the Rejoinder. Poblador filed her Rejoinder on June 1, 2017 under a Motion to Admit Attached Rejoinder.

On November 29, 2017, Poblador filed a Manifestation adopting her previous Memorandum dated December 22, 2014 as her compliance with the Resolution dated October 11, 2017. The Office of the Solicitor General filed a Manifestation and Motion on November 24, 2017 asking that the DOJ Secretary be excused from filing a Memorandum.

Based on the Resolution of the Court requiring the parties anew to file their respective Memorandum, PHC's (2nd) Memorandum was filed on December 13, 2017, within the extended period prayed for.

On June 14, 2019, the CA issued a Decision denying both PHC’s and Ms. Poblador's Petitions for Certiorari. On July 5 and 11, 2019, both parties filed their respective Motions for Reconsideration. On July 24, 2019, PHC filed its Comment to Ms. Poblador’s Motion for Reconsideration. On August 10, 2020, the CA issued a Resolution denying PHC and Ms. Poblador’s Motions for Reconsideration. PHC decided not to pursue the case with the Supreme Court considering that the amount involved is already covered by the advances to affiliates case.

On November 3, 2020, Poblador filed her Petition for Review with the Supreme Court. On April 4, 2022, PHC filed its Comment. This case remains pending for resolution with the SC.

The Group is also involved in other litigations, claims and disputes which are normal to its business. Management believes that the ultimate liability, if any, with respect to these litigations, claims and disputes will not materially affect the financial position and financial performance of the Group.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Key Performance Indicators (KPI)

The Company's KPI for the quarters ended June 30, 2026 and 2025 are as follows:

Performance Indicator	Formula	June 30, 2026	June 30, 2025
Liquidity			
Current Ratio	Current Assets / Current Liabilities	20.19:1	39.79:1
Leverage			
Debt to Equity Ratio	Total Liabilities / Total Equity	0.03:1	0.02:1
Asset to Equity Ratio	Total Assets / Total Equity	1.03:1	1.02:1
Profitability			
Net Profit Ratio	Net Income / Revenue	0.69:1	.30:1
Return on Assets	Net Income / Total Assets	0.58%	.27%
Return on Equity	Net Income / Total Equity	0.60%	.27%

Liquidity

The Company's current assets of P387,914,295 as of June 30, 2026 and current liabilities of P19,210,363 resulted in liquidity ratio of 20.19:1 compared to the same quarter of previous year wherein the ratio was higher at 39.79:1. The decrease in current ratio was due to the due to declaration and distribution of dividends.

Leverage

Debt to equity ratio on June 30, 2026 is higher compared to the same quarter last year due increase in dividends payable.

Profitability

The Group results of operations for the quarter ended June 30, 2026 resulted to a net income higher than the previous quarter due to decrease in cost and expenses.

Results of Operations

From 2000 to 2010, the Corporation was involved in an intra-corporate feud between the Brodett-Araneta-Lokin-Locsin-Poblador Group, who controlled the Corporation from 2000 to December 2007, present Management assumed control in December 2007.

Due to the hostile take-over, the Brodett Group withdrew the corporate funds, transferred corporate property and held the corporate funds. Thus, for the period between December 2007 and May 2010, present Management has not been able to focus on growing the business and operations of the Corporation as all efforts were geared towards recovering corporate assets.

Presently, the Company's investments remain in money market placements and other liquid financial instruments.

The following table shows the results of Philcomsat Holdings Corporation's operations for the quarters ended June 30, 2026 and 2025:

	For the quarter ended			
Results of Operations	June 30, 2026	June 30, 2025	Increase/ (Decrease)	YoY Change (%)
Revenues	P12,699,881	P13,635,881	(P936,00)	(6.86%)
Expenses	(5,855,849)	(11,065,507)	(5,209,658)	(47.08%
Income from operations	P6,844,032	P2,570,374	P4,273,658	166.27%

The Group recorded higher income from operations for the quarter ended June 30, 2026 due to decrease in expenses.

Discussion and Analysis of Material Events and Uncertainties

i. Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.	The Parent Company filed various cases against its former directors to recover assets they allegedly withdrawn or misappropriated which, if won, will result in the liquidity position of the Group to increase in a material way.
ii. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.	The Company has a contingent liability should the Parent Company fail to perform its contract with Speedcast, Ltd.
iii. All 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.	The Company guaranteed the obligations of its Parent Company to perform its contract with Speedcast, Ltd. with price of P203 million
iv. Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described.	None
v. 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 should be described.	A prolonged lockdown due to the inability to contain COVID 19 pandemic may hamper economic recovery and lead to lower yields on fixed income instruments while equity market returns will most likely be handicapped by risk of economic disruptions.
vi. Any significant elements of income or loss that did not arise from the registrant's continuing operations	None
vii. The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item.	The volatility of market prices of the

	Group's financial assets measured at fair value through other comprehensive income.
viii. Any seasonal aspects that had a material effect on the financial condition or results of operations.	None

PHILCOMSAT HOLDINGS CORPORATION
LIST OF TOP 20 STOCKHOLDERS
AS OF JUNE 30, 2026

RANK	NAME	TOTAL SHARES	PERCENTAGE (%)
1.	PHILIPPINE COMMUNICATIONS SATELLITE CORP.	95,445,690	79.9481
2	SOMERA, JR., PRUDENCIO C.	100,000,100	10.0362
3	LAPERAL, OLIVERIO G.	49,556,500	4.9736
4	PCD NOMINEE CORPORATION Filipino - 15,328,134 Non-Filipino - 536,400	15,864,534	1.5819
5	RCBC T/A 236-235 A/C OLIVERIO LAPERAL	4,802,413	0.4820
6	PRINCE RESOURCES, INC.	4,000,000	0.4014
7	DE LOS REYES, VICTORIA DELA CRUZ	3,006,500	0.3017
8	RANADA, JR., SANTIAGO J.	3,000,100	0.3011
9	MARINO OLONDRIZ Y CIA (Hold, per PSE)	2,985,600	0.2996
10	ESTATE OF JOSE MA. OZAMIZ	2,700,000	0.2710
11	RCBC T/A 36-250 A/C OLIVERIO LAPERAL	2,689,000	0.2699
12	PHIL. OIL DEVELOPMENT CORP.	1,500,000	0.1505
13	BLANCO, BERNADETTE Y.	1,000,000	0.1004
14	IMPERIAL RESOURCES, INC.	800,000	0.0803
15	LAPERAL, JR., OLIVERIO	776,743	0.0780
16	ILUSORIO, MARIETTA K.	510,000	0.0512
17	BENJAMIN CO CA & CO., INC.	504,300	0.0506
18	MANZANAL, DENNIS REALES	501,000	0.0503
19	ABESAMIS, ABRAHAM R.	500,000	0.0502
20	PAGAL, LAWRENCE A.	500,000	0.0502

As of June 30, 2026, the members of Board of Directors/Key Officers of Philcomsat Holdings Corporation are as follows:

Santiago J. Ranada	Director and Chair
Victoria C. De los Reyes	Director and President/CEO
Kara Nicole Ponce Enrile-Rhounimi	Director and VP
Erlinda I. Bildner	Director and CFO/Treasurer
Marietta K. Ilusorio	Director
Pablo L. Lobregat	Director
Prudencio C. Somera	Director
Juan Rodrigo C. Ponce Enrile	Director
Demaree J.B. Raval	Director
Oliverio L. Laperal, Jr.	Director
Odilon T. Sta.Teresa	Director
John Benedict L. Sioson	Corporate Secretary/ Corporate Information Officer
Bernadette Y. Blanco	Chief Compliance Officer
Clariza A. Reyes	Assistant Corporate Secretary/Investor Relations Officer