

## COVERSHEET

SEC Registration Number

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Company Name

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

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Form Type

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Department requiring the report

S	E	C
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Secondary License Type, If Applicable

N	/	A
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### COMPANY INFORMATION

Company's Email Address

[compliance@vantage.ph](mailto:compliance@vantage.ph)

Company's Telephone Number/s

250-8700

Mobile Number

09175954785

No. of Stockholders

595

Annual Meeting  
Month/Day

09/26

Fiscal Year  
Month/Day

12/31

### CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Ma. Angelica Cabanit

Email Address

angelica.cabanit@philequity.net

Telephone Number/s

8250-8741

Mobile Number

0917-590-7176

Contact Person's Address

15<sup>TH</sup> Floor Phil. Stock Exchange, 5<sup>th</sup> Ave. cor 28<sup>th</sup> St. Bonifacio Global City, Taguig

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

**SECURITIES AND EXCHANGE COMMISSION**

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

1. For the quarterly period ended **September 30,2025**
2. SEC Identification Number **AS-092-007059**
3. BIR Tax Identification No. **002-010-620**
4. Exact name of registrant as specified in its charter.  
**VANTAGE EQUITIES, INC.**
5. Province, Country or other jurisdiction of Incorporation or Organization:  
**Philippines**
6. 

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 (SEC Use Only)  
Industry Classification Code  
  
Address of Principal Office:  
15<sup>TH</sup> Floor Phil. Stock Exchange, 5<sup>th</sup> Ave. cor 28<sup>th</sup> st. Bonifacio Global City, Taguig
7. Registrant's telephone number, including area code: **(632)250-8700**
8. Former name, former address, and former fiscal year, if changed since last report  
**Not applicable**
9. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common Stock</b>	<b>4,199,582,266</b>
10. Are any or all of these securities listed on the Philippine Stock Exchange  
Yes[**X**] No[]
11. **Check whether the registrant:**
  - a) **has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 there under and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):**  
Yes[] No[**X**]
  - b) **has been subject to such filing requirements for the past 90 days**  
.Yes[] No[**X**]

## PART I–FINANCIAL INFORMATION

### Item 1. Financial Statements

The Consolidated Financial Statements are filed as part of this Form 17Q.

### Item 2. Management’s Discussion and Analysis or Plan of Operations

#### Financial Highlights

	In Millions(PHP)	Unaudited 30-Sep-25	Audited 31-Dec-24	Audited 31-Dec-23
<b>Balance Sheet</b>				
	Assets	<b>11,681.11</b>	12,481.68	11,978.47
	Liabilities	<b>215.67</b>	225.72	281.87
	Stockholders' Equity	<b>11,465.44</b>	12,255.96	11,696.60
	Book Value per Share	<b>2.51</b>	2.70	2.79
<b>Income Statement</b>				
	Revenues	<b>727.83</b>	1,126.72	1,171.50
	Expenses	<b>281.00</b>	417.94	543.54
	Other Income /(Charges)	<b>1.59</b>	0.86	0.55
	Net Income	<b>448.42</b>	709.64	628.52
	Earnings per Share	<b>0.0738</b>	0.1123	0.1296

#### Results of Operations for the Quarter Ended

Market was considerably more positive in 3Q25 as dealers shift from tariff tantrums to views that the first Fed rate cut is becoming a reality. In July, Trump postponed tariffs to allow countries to negotiate with the US. PBBM renegotiated Philippine tariffs to 19%, in line with ASEAN neighbors Thailand and Indonesia. We do however get some uncertainty with tariffs as a US appeals court tries to block a majority of Trump tariffs as illegal. If this is enforced, the US would have to refund billions of tariffs.

However the big move came in August, when NFP jobs data came in extremely weak at only 75k jobs created, with large downward revisions for the year. Jerome Powell also drops hints at the Jackson Hole meeting that the timing may be right for a September cut. The Fed finally does cut in September by 25bp but the market is ultimately disappointed that the Fed did not go further in its comments, signaling that 3 more 25bp cuts will be enough. Powell states that this cut is merely a risk management cut and that the economy seems to be in decent shape.

Locally, BSP continues to cut rates, bringing the key rate to 5% but Gov Remolona statements were less dovish than before, possibly wanting to get guidance from the Fed moves before cutting further. Much of the attention this quarter in the Philippines was on the DPWH flood control scandal, where we saw a coup in the Senate that had Chiz Escudero replaced by Tito Sotto, and then House Speaker Martin Romualdez in congress stepping down.

In the 3Q 10y UST went from as high as 4.5 when Trump wanted to fire Jerome Powell and then Fed Governor Lisa Cook to a low of 4.05 due to very weak jobs data, ultimately settling around 4.2 levels. Local bonds were bullish in the quarter, with the highlight being the new 5y RTB clearing at 6% with strong demand and then trading on its first day at 5.85. With UST yields falling and dealers not being able to get allocation for the new RTB, other bonds such as 4y R518 was taken as low as 5.70, 10y 1073 was taken below 6% to 5.95 before profit taking has the r518 settling around 5.8 and 1073 at around 6%.

The Vantage Fixed Income portfolio also ordered allocation for the new 5y RTB but along with others was also cut. We thus added to positions in the 5-10yr bonds to make up the allocation. We have not traded these yet as we see BSP continuing to cut rates, although waiting for the Fed to cut further before moving. Inflation locally remains benign and corruption scandal may cause the BSP to be more supportive of the economy as spending may stall due to the scandal.

Meanwhile Philippine Equities performed poorly this quarter, first sending the PCOMP to the 6300 level on heavy foreign selling on heavyweight SM and SMPH. PSEi falls further, briefly below the 6000 level due to FTSE rebalancing where it ultimately finds support. The Vantage Equities portfolio in the 3Q was primarily a seller of some overweight issues but in September purchased a large allocation from a share placement.

The following summarizes the operating results of the Company's subsidiaries:

### **Vantage Financial Corporation (“eBiz”)**

As of September 30 2025, eBiz revenue from Money transfer decreased by P7.7 million or 9.71% compared to as of September of last year. The operating expense of the company decreased by 14.71% or Php31.65 million from P 215.12 million to P183.47 million. The Company posted a net income of P11.55 million as of September 30, 2025 which is higher as compared to P4.45 million net loss from the same 9-month period last year.

### **Philequity Management, Inc. (“PEMI”)**

PEMI registered a net redemption amounting to P511 million for the third quarter of 2025. Subscriptions amounted to P77 million while redemptions amounted to P588 million. This was similar to the previous quarter which also registered a net redemption. The Philippine Stock Exchange Index (PSEi) fell 4.7% from end-June to end-September 2025. With three consecutive months of decline, investor sentiment remains negative. We expect further redemptions for the fourth quarter as the main headwinds of the flood control corruption scandal, continued net foreign selling, subdued corporate earnings growth, a weak peso and weak economic data, specifically GDP hound local equities. Gross revenues were up 1% quarter on quarter at P63 million. General and administrative expenses were up 62% against the previous quarter at P7 million as additional SGV audit fees were paid out in August and directors bonuses were paid out in the month of September. Net income was down 1% versus the previous quarter at P48 million.

### **Key Performance Indicators**

The Company sets certain performance measures to gauge its operating performance periodically to assess its overall state of corporate health. Listed below are the major performance measures which the Company has identified as reliable performance indicators.

	<b>Formula</b>	<b>30-Sep-25</b>	<b>31-Dec-24</b>
Current Ratio	Current Asset/Current Liabilities	<b>6094.12%</b>	6301.22%
Acid Test Ratio	(Cash Eq + Marketable Securities + Receivables)/Current Liabilities	<b>2182.09%</b>	6277.91%
Solvency Ratio	Net Income/Total Liabilities	<b>165.46%</b>	250.42%
Debt-to-Equity Ratio	Total Liabilities/Total Equity	<b>1.88%</b>	1.84%
Debt Ratio	Total Liabilities/Total Assets	<b>1.85%</b>	1.81%
Asset-to-Equity Ratio	Total Assets/Total Equity	<b>101.88%</b>	101.84%
Interest Rate Coverage Ratio	EBIT/Interest Expense	<b>N/A</b>	N/A
Return on Assets	Net Income/Average Total Asset	<b>2.95%</b>	4.62%
Return on Equity	Net Income/Average Total Equity	<b>3.01%</b>	4.72%
Net Profit Margin	Gross Profit/Net Income	<b>167.73%</b>	165.60%
Book value per share	(Total Shareholder Equity – Preferred Equity)/No. of Outstanding Shares	<b>2.51</b>	2.70

### **Causes for any material changes (+/- 5%ormore) in the financial statements.**

#### **Income Statement items – six-month period ending 30 September 2025 vs. 30 September 2024**

##### *9.71% decrease in Money Transfer Service*

Due to a decrease in volume of remittance transactions.

##### *19.87% increase in Money Changing Gain*

Due to increase in FX transactions and favorable USD-PHP exchange rate.

##### *10.57% decrease in Interest Income*

Due to lower money market placements and interest rates.

##### *108.56% increase in Trading Gain/Loss*

Due to the decrease in valuation of Marketable Securities & equity trading of investment holdings.

*13.36% decrease in Income from Mutual Fund*  
Due to lower valuation of mutual funds (NAVPS)

*431.59% increase in Other income*  
Due to higher dividend income and higher fx forward exchange transaction.

*12.45% decrease in General and administration expenses*  
Due to the decrease in managed services contractors and security services in the branches.

*13.77% decrease in Cost of services*  
Due to reduced commission expense, cash and security services and managed services attributable to direct costs.

#### **Balance Sheet items – September 30, 2025 vs. December 31,2024**

*4.76% decrease in cash and cash equivalents*  
Due to cash dividend declaration and payment

*74.48% decrease in loans and receivables*  
Due to decrease in receivable from Western Union.

*8.46% decrease in financial assets at fair value through profit and loss*  
Due to reduction of outstanding investments in fixed income bonds and equity shares sold.

*33.84% increase in prepayments and other current assets*  
Attributable to increase in excess tax credits.

*12.83% increase in current lease liabilities*  
Due to reclass from noncurrent lease contract within the scope of PFRS 16.

#### **Geographic Concentration of Investments**

	<b>Number of Investors</b>	<b>Percentage of Investment</b>	<b>Number of Shares</b>
Philippines	585	99.4876%	4,178,065,440
Foreign	10	0.5124%	21,516,826

#### **Level of FATCA Compliance**

The fund has implemented standard procedures to be FATCA-compliant. Currently, the number of investors in the company qualifying as a US person is below 1% of the total investors.

#### **PART II–OTHER INFORMATION**

##### **PFRS9–Financial Instruments: Recognition and Measurement**

The implementation of PFRS 9 in 2018 resulted to a P1.2B impact on the Group’s retained earnings as a result of reclassifying its investments from AFS to FVTPL considering that these financial instruments satisfy the criteria of FVTPL business model.

## SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the city MAKATI CITY on NOV 14 2025.

VANTAGE EQUITIES, INC.

Issuer

By :

  
**JOSEPH L. ONG**

Treasurer

TIN: 108-789-427

  
**EDMUNDO P. BUNYI JR**

CEO

TIN: 107-184-956

  
**MARK HARPER A. SARMIENTO**

Accounting Manager

TIN: 313-359-235


  
**MA. ANGELICA CABANIT**

Compliance Officer

TIN: 117-484-974

SUBSCRIBED AND SWORN to me before this NOV 14 2025 at MAKATI CITY,  
affiants exhibiting to me their Tax Identification Numbers.

Doc No. 97  
Page No. 27  
Book No. A  
Series of 2025.

  
**ATTY. DARWIN B. SANTOS**  
Notary Public for Makati City  
Until December 31, 2025  
Appointment No. M-015(2024-2025)  
Roll of Attorney No 57952  
IBP No.010113-Lif-time Member-December 29,2011  
PTR No. 10467089/ Jan.02,2025/ Makati City  
MCLE Compliance VIII No.0022365/April 14,2028  
U-1-A 2051 San Nicolas St Guadalupe Nuevo Makati City

**VANTAGE EQUITIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*(In Philippine Peso)*

	Unaudited September 30, 2025	Audited December 31, 2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 6)	₱3,896,277,491	₱3,697,324,435
Loans and receivables (Note 7)	241,888,320	634,478,925
Financial assets at fair value through profit or loss (Note 8)	7,362,982,791	7,962,211,853
Prepaid expenses and other current assets (Note 9)	55,903,664	45,654,726
Total Current Assets	11,557,052,266	12,339,669,939
<b>Noncurrent Assets</b>		
Investments in an associate	119,228	119,228
Property and equipment (Note 10)	88,461,790	96,509,941
Right Of Use – Assets	15,171,624	22,870,374
Deferred tax asset	2,043,849	2,043,848
Other noncurrent assets (Note 11)	18,262,775	20,471,647
Total Noncurrent Assets	124,059,266	142,015,038
	<b>₱ 11,681,111,533</b>	<b>₱12,481,684,978</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Note 12)	₱ 171,834,085	₱177,783,513
Lease Liabilities - Current Portion	17,286,054	15,669,956
Income tax payable	522,447	2,376,253
Total Current Liabilities	189,642,585	195,829,722
<b>Noncurrent Liabilities</b>		
Deferred tax liabilities	6,510,598	6,510,598
Lease Liabilities	4,000,918	9,311,026
Retirement liabilities (Note 15)	15,512,618	14,072,619
Total Noncurrent Liabilities	26,024,134	29,894,243
Total Liabilities	215,666,719	225,723,965
<b>Equity</b>		
Equity attributable to equity holders of the Parent Company:		
Capital stock (Note 23)	4,335,181,766	4,335,181,766
Cumulative net unrealized gain on changes in fair value of FVOCI (Note 10)	70,000	70,000
Remeasurement gains on retirement plan (Note 22)	11,843,644	11,843,644
Retained earnings - Unappropriated	6,371,825,685	7,195,821,794
Treasury stock (Note 23)	(190,460,934)	(190,460,934)
	10,528,460,161	11,352,456,270
Non-controlling interests	936,984,654	903,504,744
Total Equity	11,465,444,815	12,255,961,014
	<b>₱11,681,111,533</b>	<b>₱12,481,684,978</b>

**VANTAGE EQUITIES, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF INCOME**
*(In Philippine Peso)*

	For the Period Ended (Unaudited)		For the Quarter Ended (Unaudited)	
	30-Sep-25	30-Sep-24	30-Sep-25	30-Sep-24
<b>REVENUES</b>				
Money transfer service	71,243,343	78,906,747	23,059,449	25,473,628
Money changing	55,742,379	46,503,830	16,185,485	10,658,663
Interest income	371,299,358	415,168,562	123,855,456	141,084,872
Income from Mutual Fund	162,620,733	187,704,768	56,553,428	57,655,415
Trading Gain/(Loss)	-32,855,909	383,932,451	-230,807,712	366,452,723
Others	99,782,283	18,770,615	27,983,009	2,537,268
<b>TOTAL REVENUES</b>	<b>727,832,187</b>	<b>1,130,986,973</b>	<b>16,829,115</b>	<b>603,862,569</b>
<b>COST OF SALES</b>	<b>119,508,452</b>	<b>138,600,418</b>	<b>40,926,510</b>	<b>44,551,023</b>
<b>GROSS INCOME</b>	<b>608,323,735</b>	<b>992,386,555</b>	<b>-24,097,395</b>	<b>559,311,546</b>
General and administrative expenses (Note 14)	161,494,761	184,468,504	54,144,000	57,666,771
<b>INCOME FROM OPERATIONS</b>	<b>446,828,974</b>	<b>807,918,051</b>	<b>-78,241,395</b>	<b>501,644,775</b>
<b>OTHER INCOME (CHARGES)</b>				
Interest and bank charges – net	1,589,365	5,101,624	303,443	-3,160,485
<b>INCOME BEFORE EXTRA-ORDINARY Income/Expense</b>	<b>448,418,339</b>	<b>813,019,675</b>	<b>-77,937,952</b>	<b>498,484,290</b>
Extra-Ordinary Income/(Exp.)	-	-	-	-
<b>INCOME BEFORE INCOME TAX PROVISION FOR INCOME TAX</b>	<b>448,418,339</b>	<b>813,019,675</b>	<b>-77,937,952</b>	<b>498,484,290</b>
Current	18,518,192	19,683,176	5,702,209	4,381,257
Deferred	-	438,057	-	-
Final	73,057,914	81,794,260	24,451,585	28,284,090
	91,576,106	101,915,493	30,153,794	32,665,347
<b>NET INCOME (LOSS)</b>	<b>356,842,233</b>	<b>711,104,182</b>	<b>-108,091,746</b>	<b>465,818,943</b>
Attributable to:				
Equity holders of the parent	309,891,103	630,946,426	-128,201,708	458,350,242
Minority interests	46,951,131	80,157,757	20,109,964	7,468,701
	356,842,234	711,104,183	-108,091,744	465,818,943
<b>Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent</b>	<b>0.0738</b>	<b>0.1502</b>	<b>(0.0305)</b>	<b>0.1091</b>

*See accompanying Notes to Financial Statements*



**VANTAGE EQUITIES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY***(In Philippine Peso)*

	(Unaudited) September 30, 2025	(Audited) September 31, 2024
<b>CAPITAL STOCK</b> - 1 par value		
Authorized - 5,000,000,000 shares		
Issued and outstanding - 4,199,582,266 shares		
Balance at beginning of year	4,335,181,766	4,335,181,766
Stock issuance cost of a subsidiary	-	-
Stock dividends issued	-	-
Balance at end of period	4,335,181,766	4,335,181,766
<b>VALUE OF AVAILABLE-FOR-SALE SECURITIES</b>		
Balance at beginning of year	70,000	70,000
Reclassification of Financial Instruments		
Unrealized Gain/(loss)		
Balance at end of period	70,000	70,000
<b>REMEASUREMENT GAINS (LOSSES) ON RETIREMENT PLAN</b>		
Balance at beginning of year	11,843,644	9,414,074
Comprehensive income		
Balance at end of period	11,843,644	9,414,074
<b>RETAINED EARNINGS (DEFICIT)</b>		
Balance at beginning of year	7,195,821,794	6,724,143,910
Net income (loss)	309,891,102	550,788,668
Cash dividend and distribution	(1,133,887,212)	
Balance at end of period	6,371,825,685	7,274,932,578
<b>TREASURY SHARES</b>	<b>(190,460,934)</b>	<b>(190,460,934)</b>
<b>MINORITY INTEREST</b>		
Balance at beginning of year	903,504,744	818,254,140
Additional non-controlling interests in subsidiaries	(5,258,050)	47,570,540
Total income and expenses recognized during the period	38,737,960	80,157,757
Balance at end of period	936,984,654	945,982,437
	<b>11,465,444,815</b>	<b>12,375,119,922</b>

*See accompanying Notes to Financial Statements*

**VANTAGE EQUITIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**

	Unaudited September 30, 2025	Unaudited September 30, 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before tax	448,418,339	813,019,675
Adjustments for:		
Interest income (Notes 7, 8, 9, and 17)	(371,299,358)	(353,965,845)
Depreciation and amortization	27,529,688	26,654,968
Dividend income (Notes 9 and 17)	(35,642,857)	(18,770,615)
Unrealized foreign exchange gain (Note 10)	17,389,271	(2,858,984)
Trading gains (losses) (Notes 9 and 18)	(32,855,909)	(316,038,707)
Interest expense (Notes 16 and 20)	1,589,365	2,402,630
Retirement cost (Notes 18, 19 and 21)	1,440,000	-
Operating income before working capital changes	56,568,539	150,443,122
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	392,590,605	106,806,262
Financial assets at fair value through profit or loss	594,429,191	(908,938,692)
Prepaid expenses and other current assets	(10,248,938)	(13,144,148)
Increase (decrease) in:		
Accounts payable/other current liabilities	(5,949,428)	(20,478,078)
Net cash provided by (used in) operations	1,027,389,969	(685,311,534)
Interest paid	1,589,365	-
Income tax paid	(94,877,320)	(105,739,154)
Dividends received	(3,947,808)	19,674,550
Interest received	385,514,153	346,961,177
Net cash provided by (used in) operating activities	1,315,668,359	(424,414,961)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property and equipment (Note 13)	-	(13,739,227)
Software and licenses (Note 14)	-	-
Net cash used in investing activities	-	(13,739,227)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of subsidiary's share to NCI (Note 22)		-
Notes payable (Note 16)		-
Cash dividend distribution	(1,079,448,287)	-
Redemption of subsidiary's share to NCI (Note 22)	5,258,050	-
Payments of lease liabilities (Note 20)	(25,135,809)	(16,950,484)
Net cash used in financing activities	(1,099,326,045)	(16,950,484)
Effect of changes in exchange rates	(17,389,258)	2,858,984
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>198,953,056</b>	<b>(452,245,688)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>3,697,324,435</b>	<b>4,180,784,277</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)</b>	<b>3,896,277,491</b>	<b>3,728,538,589</b>

**VANTAGE EQUITIES, INC.**  
**(Formerly iVantage Corporation)**  
**AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. General Information**

Corporate Information

Vantage Equities, Inc. (the Parent Company) was incorporated in the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on October 20, 1992. The primary business of the Company is to invest in, acquire by purchase, exchange, assignment or otherwise of the capital stock, bonds, debentures, promissory notes and similar financial instruments.

The Parent Company's shares are publicly traded in the Philippine Stock Exchange (PSE).

On June 20, 2017, the Board of Directors (BOD) approved Article 3 of Articles of Incorporation to change its principal address from 2005 East Tower PSE Centre, Ortigas Center, Pasig City, Metro Manila, Philippines to 15th Floor Phil. Stock Exchange, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines. The Amended Articles of Incorporation was approved by the Securities and Exchange Commission on October 26, 2017.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries (collectively referred to as the "Group"):

Name of Subsidiaries	Place of Incorporation	Percentage of Ownership		
		2025	2024	2023
Vantage Financial Corporation (VFC) (Formerly eBusiness Services, Inc.)	Philippines	100.00	100.00	100.00
eBIZ Financial Services, Inc. (eBIZ Financial)*	Philippines	100.00	100.00	100.00
iCurrencies, Inc. (iCurrencies)	Philippines	100.00	100.00	100.00
Philequity Balanced Fund, Inc. (PBF)	Philippines	-	100.00	100.00
Philequity Foreign Currency Fixed Income Fund, Inc. (PFCFF)	Philippines	-	100.00	100.00
Philequity Alpha One Fund, Inc. (PAOF)**	Philippines	100.00	100.00	100.00
Philequity Global Fund, Inc. (PGFI)***	Philippines	100.00	100.00	100.00
Philequity MSCI Philippines Index Fund, Inc. (PMIF)	Philippines	72.32	71.29	68.15
Philequity Management, Inc. (PEMI)	Philippines	51.00	51.00	51.00
Philequity Dynamic Allocation fund, Inc. (PDAFI)****	Philippines	99.99	99.99	99.99

\*Indirectly owned through VFC

\*\* Incorporated on February 13, 2019

\*\*\* Incorporated on June 24, 2019

\*\*\* Incorporated on December 15, 2017

\*\*\*\* Incorporated on July 5, 2023

The Parent Company is the ultimate parent of the Group.

### **Vantage Financial Corporation (VFC)**

VFC was incorporated in the Philippines and is engaged in the fund transfer and remittance services, both domestic and abroad, of any form or kind of currencies or monies, as well as in conducting money exchange transactions as may be allowed by law and other allied activities relative thereto. VFC has an existing International Representation Agreement (Agreement) with Western Union Financial Services, Inc. (Western Union) covering its fund transfer and remittance services until December 31, 2026. VFC receives remuneration for the services provided to Western Union in accordance with the terms stipulated in the Agreement.

On January 23, 2018, the SEC approved the amendment of its Articles of Incorporation to change its company name from eBusiness Services, Inc. to Vantage Financial Corporation.

### **eBiz Financial Services, Inc.**

eBiz Financial is wholly owned by VFC. eBiz Financial was incorporated on April 11, 2005 and started commercial operations on May 9, 2005. eBiz Financial is engaged in general financing business. On April 7, 2015, eBiz Financial's BOD decided to shorten its term of existence until October 31, 2015. This was approved by the stockholders on August 1, 2015.

### **iCurrencies, Inc.**

iCurrencies, Inc. was incorporated on February 3, 2000 and started commercial operations on May 31, 2000. iCurrencies is organized primarily to engage in the business of buying and selling of foreign currencies.

In May 2001, iCurrencies effectively ceased its business of buying and selling currencies as a result of Bangko Sentral ng Pilipinas Circular No. 264, issued on October 26, 2000. Among others, the circular required additional documentation for sale of foreign currencies and required Foreign Exchange Corporations (FxCorps) to have a minimum paid-up capital of ₱50.00 million.

The Circular effectively aligned the regulations under which FxCorps are to operate to that of banks. To avoid duplication and direct competition with its previous major stockholder, iCurrencies ceased its business of buying and selling foreign currencies.

As of September 30, 2025, the management intends to retain the dormant status of the Company until a viable plan to revive its operations is drawn up. In the meantime, iCurrencies is sustained by interest income on its short-term deposits.

### **Philequity Balanced Fund, Inc. (PBF)**

PBF (the Fund) was incorporated in the Philippines, and was registered with the SEC on May 6, 2008 under the Philippine Investment Company Act (ICA) (Republic Act 2629) as an open-end mutual fund company. PBF is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of peso-denominated fixed-income and equity securities. The initial investment amounted to ₱25.00 million.

On February 05, 2024, the BOD decided to shorten the corporate life of the Fund until April 29, 2024. This was ratified by the stockholders on February 05, 2024. The SEC approved the dissolution of the Fund on February 13, 2025.

### **Philequity Foreign Currency Fixed Income Fund, Inc. (PFCFF)**

PFCFF (the Fund) was incorporated in the Philippines, and was registered with the SEC on April 10, 2008 under the Philippine ICA as an open-end mutual fund company. PFCFF is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of foreign currency denominated fixed-income securities. As of December 31, 2017, PFCFF has not yet launched its capital shares to the public. The initial investment amounted to ₱25.00 million.

On November 11, 2017, the Board of Directors (BOD) decided to shorten the corporate life of the

Fund until December 31, 2017. This was ratified by the stockholders on September 1, 2018. The SEC approved the dissolution of the Fund on September 05, 2025.

#### **Philequity Alpha One Fund, Inc. (PAOF)**

PAOF (the Fund) was incorporated in the Philippines, and was registered with the Securities and Exchange Commission (SEC) on February 13, 2019. The primary activities of the Fund are to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of real properties of all kinds; and generally to carry on the business of an open-end investment company in all the elements and details thereof as prescribed by law.

On August 30, 2019, the SEC approved the Fund's application to register the Offer Units under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799). On December 9, 2019, PAOF launched its units to the public.

#### **Philequity Global Fund, Inc. (PGFI)**

PGFI (the Fund) was incorporated in the Philippines, and was registered with the Securities and Exchange Commission (SEC) on June 24, 2019. The primary activities of the Fund are to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of real properties of all kinds; and generally to carry on the business of an open-end investment company in all the elements and details thereof as prescribed by law.

As of March 31, 2022, the Fund has not yet started its commercial operations pending the registration under the Philippine Investment Company Act (Republic Act No. 2629) as an open-end mutual fund company with the SEC. The Fund just got its SEC permit to offer securities for sale last January 20, 2021

#### **Philequity MSCI Philippines Index Fund, Inc (PMIF)**

PMIF was incorporated in the Philippines, and was registered with the SEC on December 15, 2017, under the Philippine ICA as an open-end mutual fund company. PMIF is engaged to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, including all types of stocks, bonds, debentures, notes, mortgages, or other obligations, commercial papers, acceptances, scrip, investment contracts, voting trust, certificates, certificates of interest, and any receipts, warrants, certificates, or other instruments representing any other rights or interests therein, or in any property or assets created or issued by any all persons, firms, associations, corporations, organizations, government agencies or instrumentalities thereof; to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of, real properties of all kinds; and generally to carry on the business of an Open-End Investment Company in all the elements and details thereof as prescribed by law. On January 2019, PMIF launched its shares to the public.

#### **Philequity Management Fund, Inc. (PEMI)**

PEMI was incorporated in the Philippines on March 15, 1994 and is primarily engaged in the management of mutual funds.

PEMI serves as the full fund manager of the following Mutual Funds (collectively referred to as "the Funds"):

- Philequity Fund, Inc. (PEFI)
- Philequity Dollar Income Fund, Inc. (PDIF)
- Philequity Peso Bond Fund, Inc. (PPBF)
- Philequity PSE Index Fund, Inc. (PPSE)
- Philequity Resource Fund, Inc. (PRF)
- Philequity Strategic Growth Fund, Inc. (PSGF)
- Philequity Balanced Fund, Inc. (PBF)
- Philequity Foreign Currency Fixed Income Fund, Inc. (PFCFF)
- Philequity Dividend Yield Fund, Inc. (PDYF)

- Philequity MSCI Philippines Index Fund, Inc.(PMIF)
- Philequity Alpha One Fund, Inc.(PAOF)
- Philequity Global Fund, Inc. (PGFI)
- PhilequityDynamic Allocation fund, Inc. (PDAFI)

**Philequity Dynamic Allocation Fund, Inc. (PDAFI)**

PDAFI was incorporated in the Philippines and was registered with the SEC on July 5, 2023. The Fund will be engaged in selling its capital to the public and investing the proceeds in diversified portfolio of securities, both debt and equity.

As of December 31, 2024, PDAFI has not yet started its commercial operations pending the registration under the Philippine Investment Company Act (Republic Act No. 2629) as an open-end investment company with the SEC.its capital to the public and investing the proceeds in diversified portfolio of securities, both debt and equity.

**Summary of significant accounting policies**

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**Basis of Preparation**

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI), which are measured at fair value. The consolidated financial statements are presented in Philippine peso and all values are rounded to the nearest peso unit except when otherwise indicated.

The financial statements of the Group provide comparative information in respect of the previous period.

**Statement of Compliance**

The accompanying consolidated financial statements are prepared in compliance with the Philippine Financial Reporting Standards (PFRSs).

**Basis of Consolidation**

The financial statements of the subsidiaries are prepared based on the same reporting period as the Parent Company using consistent accounting policies. All significant intra-group balances, transactions, income, expenses and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of 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.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other voting shareholders of the investee;
- rights arising from other contractual arrangements; and
- the Parent Company's voting rights and potential voting rights.

Assets, liabilities, income, expenses and other comprehensive income (OCI) of a subsidiary are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets and liabilities.

#### Non-Controlling Interest

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Company and are presented in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to the Parent Company.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

#### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Income Taxes, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

#### Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current if:

- 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 tax assets and deferred tax liabilities are classified as noncurrent assets and liabilities, respectively.

#### Foreign Currency Transactions

Transactions in foreign currencies are initially recorded in the Group's functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency using the Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate, prevailing at the reporting date and foreign currency-denominated income and expenses, at prevailing exchange rates at the date of transaction.

Foreign exchange differences arising from revaluation and translation of foreign currency denominated assets and liabilities are credited to or charged against operations in the year in which the rates change. All differences are taken to the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing closing exchange rate as of the date of initial transaction.

#### *Unrealized foreign exchange gain (loss)*

This account pertains to the unrealized foreign exchange gain earned by the Group from the revaluation of their US\$ denominated short-term deposits and Non-Deliverable Forward (NDF) contracts. Any foreign exchange gain earned is lodged as unrealized since, upon maturity of the deposits, the entire proceed, including interest earned, is retained in the Group's US\$ bank account. Unrealized foreign



exchange gain is recognized for the valuation of foreign currency denominated short-term deposits and revaluation of the NDF at month-end.

#### Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

#### Fair Value Measurement

The Group measures financial instruments at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

For assets and liabilities that are recognized in the consolidated statement of financial position on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

#### Financial Instruments - Initial Recognition and Subsequent Measurement

##### *Date of recognition*

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial instruments that require delivery of assets and liabilities within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

##### *Initial recognition of financial instruments*

Financial instruments are initially recognized at fair value of the consideration given. The initial measurement of financial instruments includes transaction costs, except for financial instruments at financial assets at FVTPL.

#### *'Day 1' difference*

Where the transaction price in a non-active market is different to the fair value from 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 the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss in the consolidated statement of income 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 amount.

There were no 'Day 1' differences recognized in profit or loss in the consolidated statement of comprehensive income in 2025, 2024 and 2023.

#### Classification and subsequent measurement of financial instruments

##### *Financial assets*

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing financial assets. The Group classifies its financial assets into the following categories: financial assets at FVTPL, financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets measured at amortized cost.

##### *Contractual cash flows characteristics*

The Group assesses whether the cash flows from the financial asset represent "solely payment of principal and interest" or "SPPI" on the principal amount outstanding. Instruments with cash flows that do not represent as such are classified at FVTPL.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

##### *Business model*

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers, if any, of the business are compensated.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is

different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### *Financial assets at FVTPL*

Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Group has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVTPL, unless the FVTPL designates an investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include equity securities held for trading purposes and equity investments not designated as at FVOCI.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Financial assets at FVTPL are carried at fair value and gains and losses on these instruments are recognized as 'Trading and investment securities gain (losses) - net' in the consolidated statement of comprehensive income. Interest earned on these investments is reported in the consolidated statement of income under 'Interest income' while dividend income is reported in the consolidated statement of income under 'Dividend income' when the right of payment has been established.

As of September 30, 2025 and 2024, the Group's financial assets at FVTPL consists of investments in corporate bonds, government securities, equity securities, mutual funds and derivate assets.

#### *Derivatives classified as FVTPL*

Derivative financial instruments are initially recognized at fair value on the date in which a derivative transaction is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets at FVTPL when the fair value is positive and as financial liabilities at FVTPL when the fair value is negative. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated statement of income under 'Unrealized foreign exchange gain'. The Group have currency forwards (NDF) which are considered as stand-alone derivatives as of September 30, 2025 and 2024.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of PFRS 9 (e.g., financial liabilities and non-financial host contracts) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

The Group assesses the existence of an embedded derivative on the date it first becomes a party to the contract, and performs re-assessment only where there is a change to the contract that significantly modifies the contractual cash flows.

#### *Financial assets at amortized cost*

Debt financial asset is measured at amortized cost if both of the following conditions are met:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) 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.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as 'Interest income' in the statement of income. The Group's financial assets at amortized cost consist of 'Cash and cash equivalents', 'Receivables', and security deposits (included under 'Other noncurrent assets')

#### *Reclassifications of financial assets*

The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated.

#### *Financial liabilities*

Financial liabilities are classified as financial liabilities at FVTPL and other financial liabilities. Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

#### *Other financial liabilities*

This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL at the inception of the liability. Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This category includes ‘Accrued expenses and other liabilities’.

### Derecognition of Financial Assets and Financial Liabilities

#### *Financial assets*

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

- the rights to receive cash flows from the asset have expired; or
- 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 the control over the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the 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 or cancelled or has expired. Where 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 statement of income.

### Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is 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 an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties. This is not generally the case with master netting agreements where the related assets and liabilities are presented gross in the consolidated statement of financial position.

### Impairment of Financial Assets

PFRS 9 requires the Group to record ECL for all loans and other debt financial assets not classified as at FVTPL, together with loan commitments and financial guarantee contracts. ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk since initial recognition.

The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of the financial asset.

### *Definition of default*

Generally, the Group defines a financial asset as in default for purposes of calculating ECL when the contractual payments are past due for more than 90 days. As part of the qualitative assessment, the Group also considers a variety of instances that may indicate unlikelihood to pay to determine if a counterparty has defaulted.

### *Significant increase in credit risk*

To determine whether there has been a significant increase in credit risk (SICR) in the financial assets, the Group compares credit risk at initial reporting date against credit risk as at the reporting date. The Group uses judgment combined with relevant reasonable and supportable historical and forward-looking information which are available without undue cost and effort in calculating ECL. The Group assumes that instruments with an external rating of "investment grade" from published data providers or other reputable agencies and maturities of less than 1 year at reporting date are low credit risk financial instruments and accordingly, does not have SICR since initial recognition.

For treasury exposures, a downgrade of two notches for investment grade and one notch for non-investment grade security indicates SICR since origination. The Group also presumes a SICR for receivables that are past due for 30 days. Consideration of events which caused the downgrade is relevant. Evaluation should also include historical and forward-looking information.

### *Assessment of ECL on a collective basis*

The Group evaluates impairment of financial assets individually for those that are individually significant and collectively for those that are not. The Group groups the financial assets based on profile of customer and its payment terms and history for the collective impairment.

### *Staging assessment*

A three-stage approach for impairment of financial assets is used, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Group recognizes a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Group recognizes a lifetime ECL for Stage 2 debt financial assets.

For credit-impaired financial instruments:

Financial instruments are classified as Stage 3 when there is objective evidence of impairment.

### *ECL parameters and methodologies*

For financial assets such as "Receivables", the Group applied the simplified approach using provision matrix that considers historical loss experience adjusted for current conditions and forward-looking inputs and assumptions. For 'Cash and cash equivalents', the Group applied the general approach in

measuring ECL that considers assessment of significant increase in credit risk and adjustments for forward-looking information.

#### *Forward-looking information*

The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic outputs such as Consumer Price Index (CPI), exchange rates, Gross Domestic Product (GDP) growth rates, imports and exports, Philippine Stock Exchange index (PSEi), stock prices and unemployment rates. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The key forward-looking economic variables used in each of the economic scenarios for the ECL calculations are unemployment rate, household expenditure, PSE all shares index, interest rate benchmark for 3 months and 20 years.

#### Write-off policy

The Group writes off its financial assets when it has been established that all efforts to collect and/or recover the loss has been exhausted. This may include the other party being insolvent, deceased or the obligation being unenforceable.

#### Investments in Subsidiaries and Associates

##### *Investment in subsidiaries*

Subsidiaries pertain to all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights.

##### *Investment in associates*

Associates are entities which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. In the consolidated financial statements, investments in associates are accounted for using the equity method.

Under the equity method, an investment in an associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the associate, less any allowance for impairment losses. Goodwill relating to an associate is included in the carrying value of the investment and is not amortized nor tested for impairment. The Group's share in an associate's post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associate's equity reserves is recognized directly in consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

#### Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment consists of its construction cost or purchase price and any costs directly attributable to bringing the property and equipment to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to expense in the year in which such 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.

The cost of an item of property and equipment also includes costs of dismantlement, removal or restoration and the related obligation that the Group incurs at the end of the useful life of property and equipment.

When each major repairs and maintenance is performed, its cost is recognized in the carrying amount of the item of property and equipment as a replacement if the recognition criteria are satisfied. Such costs are capitalized and amortized over the next major repairs and maintenance activity.

Depreciation and amortization commences once the property and equipment are available for use and are computed using the straight-line basis over the estimated useful lives of the property and equipment as follows:

Office condominium	20 years
Furniture and fixtures	3-10 years
Office improvements	10 years
Transportation equipment	4-5 years
Server and network equipment	3 years
Leasehold improvements	2-5 years or term of lease, Whichever period is shorter

The useful lives, residual values, and depreciation and amortization method are reviewed periodically to ensure that the periods, residual values, and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment. Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are charged to the consolidated statement of income.

When property and equipment are sold or otherwise disposed of, the cost and related accumulated depreciation, amortization and any impairment in value are eliminated from the accounts and any resulting gain or loss is credited to or charged against the consolidated statement of income.

Construction in progress represents properties under construction or development and is stated at cost. This includes costs of construction, equipment, borrowing costs directly attributable to such asset during the construction period and other direct costs. Construction in progress is not depreciated until such time when the relevant assets are substantially completed and available for its intended use.

#### Software

Development costs of software, which are included under 'Other noncurrent assets' account in the consolidated statement of financial position, are capitalized and treated as intangible assets because their costs are not an integral part of the related hardware. Amortization is computed using the straight-line method over their estimated useful life of 3 years for software and 2 years for website.

#### Impairment of Non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the

higher of an asset's or cash-generating unit's (CGU's) fair value less costs to sell and its 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 groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset or CGU 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 assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statement of income in the expense category 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 and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such reversal, the depreciation and amortization charge is 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

Goodwill acquired in a business combination is initially measured as the excess of the aggregate of the consideration transferred, the amount recognized for any non-controlling interest and the fair value of the acquirer's previously-held interest, if any, over the fair value of the net assets acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the investment in PEMI, the cash-generating unit to which the goodwill relates. This requires an estimation of the value in use of the investment. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the investment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The discount rate reflects management's estimate of the risks specific to the investment.

Where the recoverable amount of the investment is less than the carrying amount of the investment, an impairment loss is recognized. Impairment loss relating to goodwill cannot be reversed in future periods.

#### Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements.

PFRS 15, *Revenue from Contracts with Customers*, establishes a five-step model to account for revenue

arising from contracts with customers. The five-step model is as follows:

- a. Identify the contract(s) with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price



- d. Allocate the transaction price to the performance obligation in the contract
- e. Recognize revenue when (or as) the entity satisfies a performance obligation

Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

#### *Service income*

Service income comprises PEMI's management and other related income. Fees earned from management services provided by the Group to the managed funds over a period of time are recognized over time as the services are rendered and in accordance with the Management and Distribution Agreement. Management fees are computed using a fixed percentage based on the average NAV of the managed funds computed on a daily basis.

#### *Money transfer service income*

This represents the commission received by the Group from Western Union for every money transfer service provided by the former for the latter. Revenue is recognized when the money transfer service with the customer has been processed, which is when Western Union acknowledges the transaction. The Group concluded that it is acting as an agent on its remittance services with Western Union. The Group is providing to Western Union a series of distinct services that are substantially the same and have the same pattern of transfer. Accordingly, the revenue on remittance services is recognized over time. The Group has applied the "right to invoice" practical expedient in measuring the revenue recognized over time.

#### *Share in foreign exchange differential*

Western Union establishes the rates (on a daily basis) by which the currency in which money transfer service transaction at originating currency is converted to the payment currency. A foreign exchange differential gain arises when the rate set by Western Union at the date of receipt of the cash at the originating currency is different from the rate set on the date of the actual release of the cash under the payment currency. Share from foreign exchange differential based on the percentage as agreed with Western Union is recognized when remittance service is rendered and the originating currency is converted to the payment currency. The Group concluded that it is acting as an agent on its remittance services with Western Union. The Group is providing to Western Union a series of distinct services that are substantially the same and have the same pattern of transfer. Accordingly, the revenue on remittance services is recognized over time. The Group has applied the "right to invoice" practical expedient in measuring the revenue recognized over time.

#### *Money changing gain*

Money changing gain is related to the Group's retail foreign exchange operations in the branches. Funds received from the customers denominated in the originating currency are translated to the payment currency based on the exchange rate set by the Western Union (WU). The difference from the specified exchange rate and the current BAP closing rate is recognized as money changing gain. Income from money changing is recognized when the money exchange service has been rendered.

#### *Income from business partners*

This represents fees received by the Group from partner companies for other retail services in the branches including over-the-counter payment collection and airline ticketing services. Income from business partners are recognized at the time the services are rendered.

#### *Other income - net*

Other revenues include web development and production, media sales, portal and E-commerce revenues and digital public relations (PR) and digital strategy revenues. Revenue from web development and

production is recognized based on the percentage of completion method. The stage of completion is assessed by reference to the stage of completion of the development, including completion of services provided for post-delivery service support. Revenue from media sales, portal and E-commerce is recognized at the time that services are rendered. Revenue from PR and digital strategy is recognized when services are rendered in accordance with the provisions of the contracts.

The following specific recognition criteria must also be met before revenue is recognized outside the scope of PFRS 15:

*Trading and investment securities gains (losses)- net*

Trading and investment securities gains (losses) - net includes all gains and losses from changes in fair value of financial assets at FVTPL, derivatives and gains and losses from disposal of debt financial assets at FVOCI and financial assets at FVTPL and other financial instruments. Revenue recognized from disposal of debt financial assets at FVOCI is gross of the commission expense paid to the broker. Revenue is recognized on trade date upon receipt of confirmation of sale of investments from counterparties.

*Interest income*

Interest income on interest-bearing placements is recorded on a time proportion basis taking into account the effective yield of the asset.

*Dividend income*

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

*Realized foreign exchange gain*

Realized foreign exchange gain pertains to the realized gain from the settlement of US\$ denominated NDF and from the buy and sell of US\$ denominated currency. Realized gain from NDF pertains to the difference between the agreed upon forward rate and the fixing rate used in the actual settlement of the NDF, translated into Philippine peso. While realized gain from the buy and sell of US\$ denominated currency is the difference between the spot rate from the day the currency was bought to the day it was sold. Realized foreign exchange gain is recognized when the transactions are settled and gains are translated into Philippine peso.

Expense Recognition

Expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

*Cost of services and sales*

Cost of services and sales, which include personnel costs and other expenses incidental to the Group's primary services, are expensed as incurred.

*General and administrative expenses*

General and administrative expenses, which include the cost of administering the business and are not directly associated with the generation of revenue, are expensed as incurred.

Finance Costs

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance costs are calculated using the EIR method in accordance with PFRS9 and recorded as interest expense once incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities

to make lease payments and ROU assets representing the right-of-use the underlying assets.

*(a) ROU assets*

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow:

	Years
Head Office space	5 years
Branch Office space	1 to 10 years

Depreciation of ROU asset is presented under “Depreciation and amortization” in Cost of Services and General and Administrative Expenses.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

*(b) Lease liabilities*

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest, presented under “Interest expense”, and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*(c) Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option, and low-value assets recognition exemption to its leases of branch spaces that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Retirement Cost

VFC has a funded, noncontributory defined benefit retirement plan and the Parent Company, and PEMI have unfunded, noncontributory defined benefit retirement plans covering substantially all of their regular employees.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur.

Defined benefit costs comprise of the following:

- a. service cost;
- b. net interest on the net defined benefit liability or asset; and
- c. remeasurements of net defined benefit liability or asset.

Service costs, which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

## Income Taxes

### *Current Tax*

Current income 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 authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date. The Company periodically evaluates positions taken in the tax returns with respect to

situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

#### *Deferred tax*

Deferred tax is provided on all temporary differences at the statement of financial position 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 income nor taxable income; 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 will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carryforward of unused MCIT and unused NOLCO 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 arrangements, 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 statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

#### Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as a payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

### Equity

Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Capital paid-in excess of par value' account. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Capital paid-in excess of par value' account. If the 'Capital paid-in excess of par value' is not sufficient, the excess is charged against the 'Retained earnings'.

When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments.

'Retained earnings' represents accumulated earnings of the Group less dividends declared.

### Redeemable Units

A put table financial instrument is classified as an equity instrument if it has all of the following features:

It entitles the Group to a pro-rata share of a Fund's net assets in the event of a fund's liquidation;

- The instrument is in the class of instruments that is subordinate to all other classes of instruments;
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the Group's right to a pro-rata share of a Fund's net assets; and
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of a fund over the life of the instrument.

In addition to the instrument having all the above features, a fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund; and
- The effect of substantially restricting or fixing the residual return to the puttable instrument holders.

The Group classified the redeemable units as financial liabilities presented as 'Net assets attributable to unitholders of a mutual fund subsidiary' in the liability section of the statement of financial position and measure them at fair value.

### Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective BOD and shareholders of the Parent Company and its subsidiaries while stock dividends are deducted from retained earnings upon distribution. Dividends for the year that are approved after reporting are dealt with as subsequent events.

### Basic/Diluted Earnings (Loss) Per Share

Basic earnings per share (EPS) is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of shares outstanding during the year with retroactive adjustments for any stock split and stock dividends declared.

Diluted EPS is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive potential common shares.

As of September 30, 2025 and 2024, the Parent Company does not have dilutive potential common shares.

#### 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 pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain that the expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement.

#### Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the probability 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 Reporting Period

Any post year-end events after reporting date 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. Post year-end events that are not adjusting events, if any, are disclosed in the notes to consolidated financial statements, when material.

#### Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6. The Group's assets producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

#### Standards Issued but Not Yet Effective

Pronouncements issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The listing consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the consolidated financial statements unless otherwise indicated.

##### *Effective beginning on or after January 1, 2025*

- Amendments to PAS 21, Lack of exchangeability

##### *Effective beginning on or after January 1, 2026*

- Amendments to PFRS 9 and PFRS 7, Classification and Measurement of Financial Instruments
- Annual Improvements to PFRS Accounting Standards—Volume 11
- Amendments to PFRS 1, Hedge Accounting by a First-time Adopter
- Amendments to PFRS 7, Gain or Loss on Derecognition
- Amendments to PFRS 9, Lessee Derecognition of Lease Liabilities and Transaction Price
- Amendments to PFRS 10, Determination of a 'De Facto Agent'

- Amendments to PAS 7, Cost Method
- Effective beginning on or after January 1, 2027*

- PFRS 17, Insurance Contracts
- PFRS 18, Presentation and Disclosure in Financial Statements
- PFRS 19, Subsidiaries without Public Accountability
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*Deferred effectivity*

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

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## **2. Significant Accounting Judgement and Estimates**

The preparation of the consolidated financial statements in accordance with PFRS requires the management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets, and liabilities and the accompanying disclosures, as well as disclosure of contingent assets and contingent liabilities, if any. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Judgments

The following are the critical judgments and key assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

*a. Operating lease commitments - Group as a lessee*

The Group has entered into lease contracts for its office spaces and branches. It has determined that it has not acquired all the significant risks and rewards of ownership of the leased properties because of the following factors: (a) the Group will not acquire the ownership of the leased assets upon termination of the lease; and (b) the Group has no option to purchase the asset at a price that is sufficiently lower than the fair value at the date of the option (c) the lease term is only for a period of one year renewable annually. The Group's lease commitments are discussed in Note 20.

*b. Determining the timing of satisfaction of performance obligations*

Assessing when the Group satisfies a performance obligation, i.e. transfer control of a promised good or service to the customer, over time or point in time involves significant judgment. Accordingly, it affects the timing of revenue recognition for these performance obligations.

Based on management's assessment, performance obligations related to remittance services (money transfer service income, share in foreign exchange differential, income from business partners and income from money changing services), are series of distinct services that are satisfied over time. As the Group renders the services, the customers simultaneously receive and consumes the benefits provided by the Group's performance of these services.

In measuring the revenue to be recognized over time, management assessed that output method faithfully depicts the Group's performance in transferring control of the services to the customers. Since the Group bills a fixed price per transaction with the customers upon satisfaction of the performance obligations, management believes that this right to consideration from a customer corresponds directly with the value to the customer of the Group's performance completed to date. Accordingly, the Group has applied the "right to invoice" practical expedient in measuring the revenue recognized over time.

*c. Recognition of deferred tax assets*

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the differences can be utilized. Significant



management judgment is required to determine the amount of deferred tax assets to be recognized, based upon likely timing and level of future taxable income.

#### Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*a. Fair value of financial instruments*

The fair values of derivative assets and liabilities recognized or disclosed in the consolidated financial statements cannot be derived from active markets, these are determined using a valuation technique that include the use of mathematical model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and identification of comparable investments and applicable credit spreads to arrive at adjusted quoted market prices.

The carrying values and corresponding fair values of derivative asset and liabilities as well as the manner in which fair values were determined are discussed in more detail in Note 5.

*b. Leases -Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates.

*c. Credit losses on financial assets*

The Group reviews its debt financial assets subject to ECL annually with updating provisions as necessary. The measurement of credit losses requires judgment, in particular, the estimation of amount and timing of future cash flows and collateral values when determining the credit losses and the assessment of SICR. Elements of the model used to calculate ECL that are considered accounting estimates and judgments, include among others:

- Segmentation of financial assets to determine appropriate ECL model and approach
- Criteria for assessing whether there has been SICR in the debt financial assets and so allowances be measured on a lifetime ECL basis and the qualitative assessment
- Segmentation of financial assets when ECL is calculated on a collective basis
- Development of ECL models, including formula and various inputs
- Selection of forward-looking macroeconomic variables and scenarios

The Group assessed that it is acting as an agent due to the following characteristics of its relationship with the Funds:

- The Group does not have significant ownership over the Funds.
- The Funds have the substantive and practical ability to exercise its kick-out rights held by the BOD. The Group can be terminated anytime without any grounds/cause and without payment of penalty by the majority vote of the BOD of the Funds or 2/3 votes of the outstanding capital.
- There are no interlocking directors between the Group and the Funds and only 1/7 BOD representation between the Funds and the Group.
- The remuneration agreement between the Group and the Funds are the customary arrangement for the services it renders and is negotiated on an arm's length basis.

b. *Determining the timing of satisfaction of performance obligations applicable after January 1, 2018*

Assessing when the Group satisfies a performance obligation, i.e. transfer control of a promised good or service to the customer, over time or point in time involves significant judgment. Accordingly, it affects the timing of revenue recognition for these performance obligations. Based on management's assessment, performance obligations related to remittance services (money transfer service income, share in foreign exchange differential, income from business partners and income from money changing services), are series of distinct services that are satisfied over time. As the Company renders the services, the customers simultaneously receives and consumes the benefits provided by the Company's performance of these services.

In measuring the revenue to be recognized over time, management assessed that output method faithfully depicts the Company's performance in transferring control of the services to the customers. Since the Company bills a fixed price per transaction with the customers upon satisfaction of the performance obligations, management believes that this right to consideration from a customer corresponds directly with the value to the customer of the Company's performance completed to date. Accordingly, the Company has applied the "right to invoice" practical expedient in measuring the revenue recognized over time.

c. *Contractual cash flow characteristics test*

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

d. *Business model test*

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match expected cash outflows and maintain adequate level of high quality liquid assets while maintaining a strategic portfolio of financial assets for trading activities.

The Group's business model can be to hold financial assets to collect contractual cash flows even when sales of certain financial assets occur. PFRS 9, however, emphasizes that if more than an infrequent number of sales are made out of a portfolio of financial assets carried at amortized cost and those sales are more than insignificant in value (either individually or in aggregate), the entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. *Fair value of financial instruments*

The fair values of derivative assets and liabilities recognized or disclosed in the consolidated financial statements cannot be derived from active markets, these are determined using a valuation technique that include the use of mathematical model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and identification of comparable investments and applicable credit spreads to arrive at adjusted quoted market prices.

The carrying values and corresponding fair values of derivative asset and liabilities as well as the manner in which fair values were determined are discussed in more detail in Note 5.

*b. Credit losses on financial assets*

The Fund reviews its debt financial assets subject to ECL annually with updating provisions as necessary. The measurement of credit losses requires judgment, in particular, the estimation of amount and timing of future cash flows and collateral values when determining the credit losses and the assessment of SICR. Elements of the model used to calculate ECL that are considered accounting estimates and judgments, include among others:

- Segmentation of financial assets to determine appropriate ECL model and approach
- Criteria for assessing whether there has been SICR in the debt financial assets and so allowances be measured on a lifetime ECL basis and the qualitative assessment
- Segmentation of financial assets when ECL is calculated on a collective basis
- Development of ECL models, including formula and various inputs
- Selection of forward-looking macroeconomic variables and scenarios

*c. Recognition of deferred tax assets*

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets to be recognized, based upon likely timing and level of future taxable income.

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### **3. Fair Value of Financial Assets**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

*Cash and cash equivalents, receivables, accounts payable and other current liabilities and notes payable*

The carrying amounts approximate fair values due to the short-term nature of these financial instruments.

*Investments in amortized costs, financial assets and liabilities at FVTPL (except derivatives)* Fair values are generally based on quoted market prices. For the Group's equity investments classified as financial assets at FVTPL, fair values are determined based on quoted closing prices or bid price in cases when the former is not available in the PSE for 2018 and 2017, respectively. For the Group's fixed income investments classified as financial assets at FVTPL, fair values are determined based on quoted market prices, if available. If market prices are not readily available or if the securities are not traded in an active market, as in the case of fixed income investments classified as investment in amortized costs, fair values are estimated using adjusted quoted market prices of comparable investments or using the discounted cash flow methodology. For the Group's UITFs and mutual funds classified as financial assets at FVTPL, fair values are estimated using published net asset value (NAV).

*Derivative instruments (included under financial assets and liabilities at FVPL)*

Fair values are calculated by reference to the prevailing interest differential and spot exchange rate as of the reporting date, taking into account the remaining term to maturity of the derivative instruments. For the stock warrants, fair values are determined based on quoted prices.

**Financial Risk Management Objectives and Policies**

The Group's principal financial instruments consist of cash and cash equivalents, receivables, financial assets at FVTPL, account payable and other liabilities. The Group also has various other financial assets and liabilities such as deposits.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risks. The BOD reviews and approves the policies for managing each risk and these are summarized below.

*Credit risk*

Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis so that the Group's exposure to credit losses is not that significant. Since the Group trades only with recognized third parties, there is no requirement for collateral.

As of September 30, 2025 and December 31, 2024, the Group's maximum exposure to credit risk is equal to the carrying values of its financial assets since it does not hold any collateral or other credit enhancements that will mitigate credit risk exposure.

The fair values of financial assets at FVPL and AFS investments represent the credit risk exposure as of the reporting date but not the maximum risk exposure that could arise in the future as a result of changes in fair value of the said instruments.

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**4. Segment Information**

For management purposes, the Group is organized into major operating business segments as follows:

- a. Investment holdings  
The investment holdings segment deals in the acquisition and sale of financial instruments.
- b. Remittance services  
The remittance services segment provides the infrastructure and services as the largest direct agent for money transfer of Overseas Filipino Workers. Beyond the remittance business, this segment facilitates the fulfillment of e-commerce transactions and serves as a payment platform for any Business to Business (B2B) or Business to Customers (B2C) initiative.
- c. Internet online-related products and services  
This segment engages in the business of internet online-related products relating to database search engine, such as, but not limited to, conceptualizing, designing, illustrating, processing and editing web sites; to engage in other pre-production and post-production work on web sites in the internet; and to sell and market said products in the form of advertising of finished products in the domestic or export market.
- d. Mutual fund management  
This segment deals in the management of mutual funds.

Management monitors the operating results of each segment. The measure presented to manage segment performance is the segment income before tax. Segment income before tax is based on the same accounting policies as the consolidated net income except that intersegment revenues are eliminated only at the consolidation level. Transfer pricing between segments are on arm's length basis in a manner similar to transactions with third parties.

The Executive Committee (Excom) is actively involved in planning, approving, reviewing, and assessing the performance of each Group's segment. The Excom oversees the Group's decision making process. The Excom's functions are supported by the heads of each of the segments, which provide essential input and advice in the decision-making process. The Chief Operating Decision Maker is the Chief Executive Officer.

The Group mainly operates and generates revenue in the Philippines. Thus, geographical segment information is not presented.

The Group has no significant customers which contribute 10.00% or more of the consolidated revenues.

## 5. Cash and Cash Equivalents

This account consists of:

	30-Sep-25	31-Dec-24
Cash on hand	194,388,648	338,641,300
Cash in banks	827,540,610	670,433,192
Short-term placements	2,874,348,233	2,688,249,943
	<b>3,896,277,491</b>	<b>3,697,324,435</b>

Cash in banks earn interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of one to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

## 6. Loans and receivables

	30-Sep-25	31-Dec-24
Due from:		
Western Union	104,861,112	471,964,053
Broker	440,935	66,044,275
Business partners	16,218,616	398,719
Trade Receivables	64,810,364	22,600,433
Accrued interest	50,924,518	65,139,313
Receivable from related parties and employees	1,862,725	855,540
Others	19,630,789	24,337,332
	<b>258,749,059</b>	<b>651,339,665</b>
Less allowance for credit losses	<b>(16,860,739)</b>	<b>(16,860,740)</b>
<b>Total</b>	<b>241,888,320</b>	<b>634,478,925</b>

<b>Aging of Loans and Receivables</b>				
	<b>30-Sep-25</b>	<b>0-30 days</b>	<b>31-60 days</b>	<b>over 60 days</b>
Due from:				
Western Union	104,861,112	104,861,112		
Broker	440,935	440,935		
Business partners	16,218,616	16,218,616		
Trade Receivables	64,810,364	61,414,382		3,395,982
Accrued interest	50,924,518	50,924,518		
Receivable from related parties and employees	1,862,725			1,862,725
Others	19,630,789			19,630,789
	258,749,059	233,859,563	-	24,889,496
Less allowance for credit losses	(16,860,739)			(16,860,739)
<b>Total</b>	<b>241,888,320</b>	<b>233,859,563</b>	<b>-</b>	<b>8,028,757</b>

Due from Western Union represents pay-outs of VFC for fund transfers and remittance services, which were not yet reimbursed by Western Union as of September 30, 2025 and December 31, 2024.

Due from business partners include receivables from counterparty banks for cash to be delivered to the branches.

The terms and conditions of receivables are as follows:

- Due from Western Union, sub-agents, and business partners generally have one to four days' term.
- Due from broker is usually collectible within three days.
- Trade receivables include receivables from advertising and web development services which are normally collectible within two to four months after billing is made. This also includes management and commission income earned from the funds managed by the Group.
- Other receivables are all short-term in nature.

## **7. Financial Assets at FVPL**

This account consists of investments in:

	<b>30-Sep-25</b>	<b>31-Dec-24</b>
Government bonds	3,957,879,900	4,503,402,605
Corporate bonds	1,402,548,622	1,593,104,543
Mutual funds	916,133,151	947,702,455
Equities	1,086,421,118	918,002,250
	<b>7,362,982,791</b>	<b>7,962,211,853</b>

### Equity Securities

Quoted equity securities pertain to investments in stocks listed in the PSE.

### Mutual Funds

Mutual funds represent investment in an open-end mutual fund. These investments are valued at net asset value per share (NAVPS) which is computed by dividing the mutual funds' net assets (total assets less total liabilities) by the total number of redeemable shares issued and outstanding as of reporting date.

### Debt Securities

Debt Securities consists of government bonds, mostly FXTNs, PSALM and RTBs, and corporate bonds.

### Mutual Funds

Mutual funds represent investment in an open-end mutual fund. These investments are valued at net asset value per share (NAVPS) which is computed by dividing the mutual funds' net assets (total assets less total liabilities) by the total number of redeemable shares issued and outstanding as of reporting date.

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## **8. Prepaid Expenses and Other Current Assets**

This account consists of:

	<b>30-Sep-25</b>	<b>31-Dec-24</b>
Prepaid expenses	<b>49,455,538</b>	37,404,811
Input VAT	<b>6,171,116</b>	7,804,004
Others	<b>277,010</b>	445,911
	<b>55,903,664</b>	45,654,726

Prepaid expenses comprise office rent, utilities, insurance and taxes.

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## **9. Property and Equipment**

Details of this account are presented below:

	<b>30-Sep-25</b>	<b>31-Dec-24</b>
Cost	<b>591,320,039</b>	589,568,013
Less: Accumulated Depreciation	<b>(502,858,249)</b>	(493,058,0712)
	<b>88,461,790</b>	96,509,941

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## **10. Other Noncurrent Assets**

This account consists of:

	<b>30-Sep-25</b>	<b>31-Dec-24</b>
Rental and other deposits	<b>13,224,286</b>	14,229,530
Software and website costs	<b>1,233,505</b>	2,437,132
Goodwill	<b>3,654,985</b>	3,654,985
AFS - Other Investment	<b>500,000</b>	500,000
Others	<b>222,414</b>	222,415
	<b>18,835,190</b>	20,502,019
Allowance for credit and impairment losses	<b>(572,415)</b>	(572,415)
	<b>18,262,775</b>	20,471,647

Rental and other deposits include payments required under the lease contracts of VFC's branches with the lessor as a security deposit for the rented premises. This will be returned upon termination of the lease agreement.

The goodwill recognized in the consolidated statement of financial position pertains to the acquisition cost of PEMI in 1994. In 2025, 2024 and 2023, no provision for impairment was

provided for the recognized goodwill.

In 2001, the Parent Company sold its investment in Lucky Star at 96.59 million (a company incorporated to operate off-front on betting stations in the Philippines) since management believes that there is a significant uncertainty with respect to the recovery of this investment due to the Supreme Court decision to shut down Jai-alai operations. The related receivable from the sale, which is collectible over ten years at certain pre-agreed installment terms until 2012, has been fully provided with allowance for credit losses. As collections are actually received, an equivalent amount of the allowance will be reversed and credited to income.

The goodwill recognized in the consolidated statement of financial position pertains to the excess of the acquisition cost of the Parent Company over the book value (BV) per share of the investment in PEMI in 1994. The Group performed its annual impairment test on December 31, 2016. The relationship between the investment's current BV per share (considered as the recoverable amount) and its original carrying value (CV) per share, among other factor, when reviewing for indicators of impairment. As of September 30, 2025, the current BV per share of PEMI is above the investment cost per share. There is no impairment loss recognized on goodwill as of 2025.

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## 12. Accounts Payable and Other Current Liabilities

This account consists of:

	30-Sep-25	31-Dec-24
Due to stockholders	95,270,579	95,270,579
Trade payables	25,177,094	28,323,249
Due to sub-agents and brokers	4,551,526	8,944,002
Accrued expenses	35,442,275	23,717,370
Output value added tax	9,974,780	14,974,359
Expanded withholding tax	1,219,257	3,440,291
Others	198,574	3,113,663
	<b>171,834,085</b>	<b>177,783,513</b>

Terms and conditions and nature of the liabilities follow:

- Due to sub-agents and brokers are noninterest-bearing and are normally settled on a two to four days' term.
- Accrued expenses consists of accruals for profit sharing costs, vacation leave and sick leave conversion, insurance, security services, cash delivery services, utilities, media buys and others.
- Trade payables include amounts due for purchase of government bonds.
- Other payables include withholding taxes payable, documentary stamp tax payable, merchant deposits, sundry credits and others.

Trade payables, accrued expenses and other payables are all short-term in nature. These are settled within one year after the reporting period.



Other payables include merchant deposits, sundry credits, Pag-ibig and Philhealth premiums and other dues.

### 13. Revenues

This account consists of:

	30-Sep-25	30-Sep-24
<b>REVENUES</b>		
Money transfer service	71,243,343	78,906,747
Money changing	55,742,379	46,503,830
Interest income	371,299,358	415,168,562
Income from Mutual Fund	162,620,733	383,932,451
Trading Gain/(Loss)	-32,855,909	187,704,768
Others	99,782,283	18,770,615
<b>TOTAL REVENUES</b>	<b>727,832,187</b>	<b>1,130,986,973</b>

PEMI acts as the fund manager of the Funds. As fund manager of the Funds, PEMI is entitled to the following, pursuant to the Management and Distribution Agreement dated March 14, 2003 and entered into with the Funds which is effective year on year unless terminated by both parties:

- Management income of a maximum of 1.50% per annum is computed based on daily net asset value (NAV) of the Funds. On a monthly basis, PEMI bills the Fund management fee based on the average monthly computed NAV, payable the following month. The NAV shall be determined in accordance with the procedures agreed upon by the parties.
- The Funds shall remit to PEMI for sales commission of a maximum of 3.50% of the gross investment based on tiered-front end sales schedules charged to shareholders. This is recorded as 'Receivables' (Note 8) and collectible the following month.

In January 2021 VEI, as parent company of VFC, and Western Union, amended the Representation Agreement with Western Union expiring December 2026. The amendment essentially lifts exclusivity for inbound or receive transactions effective January 2021 in exchange for a lower share of commissions on said transactions and a \$1.00 million signing bonus for VEI as the Parent Company of VFC. The Agreement provides for WU to pay the signing bonus to VEI who in turn will ensure VFC complies with its obligations under the Agreement. VEI has strong oversight over VFC's management and operations and provides back-office support to VFC.

The Parent Company and PEMI have unfunded, noncontributory defined benefit pension plans covering substantially all of their qualified employees. Vantage Financial Corp. has a funded, noncontributory defined benefit pension plan. The funds of the plan of Vantage Financial Corp are being administered and managed by the Trust & Investment Services Group of Union Bank of the Philippines.

### 14. General and Administrative Expenses

This account consists of:

	30-Sep-25	30-Sep-24
Salaries, wages and allowances	34,845,706	35,351,993
Legal and Professional fees	14,662,690	37,075,786
Depreciation and amortization	27,529,688	26,654,968
Rent and Utilities	21,865,323	24,692,544
Outside services	18,317,569	19,991,688

Travel and transportation	15,454,424	16,704,655
Taxes and licenses	9,615,182	7,070,271
Office supplies	4,324,026	4,976,245
Representation	1,377,351	1,594,786
Others	13,502,801	10,355,568
	<b>161,494,761</b>	<b>184,468,504</b>

Others include advertising, membership, insurance, repairs and maintenance expenses.

## 16. Equity

The details of this account as of September 30, 2025 and December 31, 2024 are shown below:

	September 30, 2025		December 31, 2024	
	Shares	Amount	Shares	Amount
Authorized shares (at par value*)	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Issued shares	4,335,181,766	4,335,181,766	4,335,181,766	4,335,181,766
Treasury stock	(135,599,500)	(190,460,934)	(135,599,500)	(190,460,934)
Outstanding shares	4,199,582,266	4,144,720,832	4,199,582,266	4,144,720,832

The track record of the Parent Company's registration of securities in compliance with the Securities Regulation Code Rule 68 Annex 68-D 1(I) follows:

### a. Authorized Shares

Date of SEC Approval	Type of Shares	Authorized Number of Shares
October 27, 2015	Common	5,000,000,000
January 12, 2009	Common	2,250,000,000
October 20, 1992	Common	1,900,000,000

### b. Stock Dividends

Date of SEC Approval	Percentage
December 18, 2015	100%
January 12, 2009	25%

### c. Number of Shareholders

Year End	Number of shareholders
30-Sep-25	595
31-Dec-24	597
31-Dec-23	606

On May 19, 2015, the BOD of the Parent Company approved the declaration of stock dividends equivalent to a total of 2.10 billion representing 2,099,791,133 shares at 1.00 par value per share, payable to all stockholders of record as of January 8, 2016. The said dividends were distributed

on February 3, 2016.

On March 3, 2025, the Parent Company's BOD declared cash dividends amounting to P0.27 per share or P1.13 billion to stockholders as of record date of March 25, 2025. These dividends were paid on April 25, 2025.

*Dividend declaration of subsidiaries*

On February 3, 2016, the BOD and two-thirds (2/3) of the outstanding capital of the PEMI approved the declaration of stock dividends equivalent to a total of 1,785,000 shares at 100.00 parvalue per share, payable to all stockholders of record as of February 15, 2016. The said dividendsis paid on March 14, 2016.

On December 11, 2013, the BOD of e-Business approved the declaration of stock dividends worth 150.00 million to stockholders of record as of December 30, 2013. Stock dividends were distributed on October 10, 2014.

On January 19, 2019, the BOD and shareholders representing two-thirds (2/3) of the outstanding capital of PEMI approved the declaration of stock dividends equivalent to a total of 3,570,001 shares at ₱100.00 par value per share, payable to all stockholders

On March 03, 2025, the BOD and shareholders representing two-thirds (2/3) of the outstanding capital of PEMI approved the declaration of stock dividends equivalent to a total of 1,859,998 shares at ₱100.00 par value per share, payable to all stockholders

*Increase in Authorized Capital Stock of Subsidiaries*

On June 20, 2017, the BOD and two-thirds (2/3) of the outstanding capital of Ebusiness Services, Inc. approved the increase in the authorized capital stock from 400,000,000 shares with par value of 1.00 per share in 2016 to 800,000,000 shares with par value of 1.00 per share in 2017. The SEC approved the increase in authorized capital stock on January 23, 2018.

Of the said increase, 400,000,000 shares of capital stock has been actually subscribed and paid by the existing shareholders of the Corporation by way of stock dividends to be paid out of the retained earnings which was declared on June 20, 2017.

## 17. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Group; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

Related party transactions with subsidiaries are eliminated in the consolidated financial statements. These transactions are based on terms similar to those offered to non-related parties and are settled in cash.

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## 16. Basic/Diluted Earnings Per Share

	30-Sep-25	30-Sep-24
(a) Net income (loss) attributable to equity holders of the Parent Company	309,891,103	630,946,426

(b) Weighted average outstanding shares	<b>4,199,582,266</b>	4,199,582,266
(c) Basic/Diluted earnings per share (a/b)	<b>0.0738</b>	0.1502

As of September 30, 2025 and December 31, 2024, the Parent Company does not have dilutive potential common shares