COVER SHEET

for

AUDITED FINANCIAL STATEMENT

SEC Registration Number

CS201951088

COMPANY NAME

CASH-EXPRESS PHILIPPINES FINANCING INC.

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

UNIT 3101 TRADE AND FINANCIAL TOWER 7TH AVENUE CORNER 32ND STREET FORT BONIFACIO TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
hr@cash-express.ph	0917174005	09171543007

No. of Stockholder	Annual Meeting (Month/Date)	Fiscal Year (Month/Day)
2	1ST DAY OF MARCH	DECEMBER 31, 2024

CONTACT PERSON INFORMATION

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
FEVI C. BERINGUELA	hr@cash-express.ph	82602192	0977820010

CONTACT PERSON's ADDRESS

BLK 1 LOT 1 AND 2 ST BENEDICT ST CAMELLA 6 PULANG LUPA DOS LAS PINAS CITY

Note 1 : In case of death, resignation or cessation of office of the officer designated as contact perosn, susc incidentshall be reported to the Commission within thirthy (30) calendar days from the occurance thereof with information and complete contact details of the new contact person designated.

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

Cash-Express Philippines Financing Inc.
Unit 3101, Trade and Financial Tower, 7th Avenue corner 32nd Street
Fort Bonifacio, Global City, Taguig City, 1634

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR AMENDED FINANCIAL STATEMENTS

The management of **Cash-Express Philippines Financing Inc. (under the business style and name of Cash-Express)** is responsible for the preparation and fair presentation of the amended financial statements including the schedules attached therein, for the year ended **December 31, 2024**, in accordance with the prescribed financial reporting framework indicated therein. And for such internal control as management determines is necessary to enable the preparation of amended financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors review and approve the amended financial statements including the schedules attached therein and submits the same to the stockholders, members, or any concerned users of information.

Caparros, Cendaña and Co., the independent auditor appointed by the Board of Directors, has audited the amended financial statements of the company in accordance with Philippine Standards on Auditing, and in their report to the Board of Directors and Stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

VYTAUTAS OLSAUSKAS
Chairman of the Board

VALERIN GALE ROBLES
President

JESSELLE MALINAB
Treasurer

Signed this 29th day of May 2025

Cash-Express Philippines Financing Inc.

Unit 3101, Trade and Financial Tower, 7th Avenue corner 32nd Street
Fort Bonifacio, Global City, Taguig City, 1634

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR AMENDED ANNUAL INCOME TAX RETURN
(As required under Revenue Regulation No. 3-2010)

The management of **Cash-Express Philippines Financing Inc. (under the business style and name of Cash-Express)** is responsible for all the information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2024**. Management is likewise responsible for all information and representations contained in the amended financial statements accompanying the (Annual Income Tax Return or Annual Information Return) covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited amended financial statements for the year ended **December 31, 2024** and the accompanying Annual Income Tax Return are in accordance with the books and records of **Cash-Express Philippines Financing Inc. (under the business style and name of Cash-Express)**, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

VYTAUTAS OLSAUSKAS
Chairman of the Board

VALERIN GALE ROBLES
President

JESSELLE MALINAB
Treasurer

Signed this 29th day of May 2025

Caparros, Cendaña, and Co.
Unit 508, Semicon Corporate Building
50 Marcos Highway, Dela Paz, Pasig City
Metro Manila, Philippines

Mobile: 0917-6258093
Website: ccc.net.ph
Email: info@ccc.net.ph

Independent Auditor's Report

The Board of Directors and Stockholders
Cash-Express Philippines Financing Inc.
Under the business style and name of Cash-Express
Unit 3101, Trade and Financial Tower, 7th Avenue corner 32nd Street
Fort Bonifacio, Global City, Taguig City, 1634

Report on the Audits of the Amended Financial Statements

Qualified Opinion

We have audited the amended financial statements of **Cash-Express Philippines Financing Inc. (under the business style and name of Cash-Express)** (the "Company"), which comprise of the statements of financial position as of December 31, 2024, and the statements of comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying amended financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Qualified Opinion

As discussed in Note 7 to the amended financial statements, the Company recognized a total loss of P501,596,153 on the sale of loan receivables in 2024. These receivables, which had been largely written off or disposed for minimal consideration, significantly exceeded the Company's total assets of P105,285,255 as of December 31, 2024. While a contract supporting the transaction was provided, the terms and circumstances surrounding the sale raise serious concerns as to whether it was conducted on an arm's length basis and in the ordinary course of business. Despite our audit procedures, we were unable to obtain sufficient appropriate evidence to conclude on the reasonableness and commercial substance of the transaction.

In addition, while the Company generated revenues of P918,178,336, the virtual depletion of loan receivables casts significant doubt on the entity's ability to continue as a going concern. Management has not provided a comprehensive plan or sufficient documentation to support its assertion of continuing operations beyond the reporting period.

These matters constitute departures from the recognition, measurement, and disclosure requirements under PFRS 9, *Financial Instruments*, and also cast doubt on the reliability of the amended financial statements as a whole.

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

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Metro Manila, Philippines

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the amended financial statements which provides that the Company has incurred net losses of P183,243,950 and P27,494,403 in 2024 and 2023, respectively, resulting to accumulated deficit of P265,006,166 and P81,762,216 as at December 31, 2024 and 2023, respectively and capital deficiency of P253,006,166 and P69,762,216 as at December 31, 2024 and 2023, respectively. The amended financial statements have been prepared on a going concern basis, despite the Company's capital deficiency as at December 31, 2024, which resulted from accumulated operating losses.

To address this, the Company expects continued financial support from third parties, as evidenced by other non-current liability amounting to P24,389,530 and nil as of December 31, 2024 and 2023, respectively. Management is also implementing measures to improve cash flow through enhanced collection policies and cost control initiatives.

These plans are expected to improve the Company's financial position and support its ability to continue operating as a going concern.

Key Audit Matters

Except for the matter described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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

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

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

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

Auditor's Responsibilities for the Audits of the Amended Financial Statements

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

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

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

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

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

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

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

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

Other Matter

The amended financial statements of **Cash-Express Philippines Financing Inc.** as at and for the year ended December 31, 2023, which are presented for comparative purposes, were audited by other auditors whose report thereon dated April 15, 2024, and expressed an unqualified opinion on those statements.

Report on Supplementary Information required under Revenue Regulations No. 15-2010, Revenue Regulations No. 34-2020 and Revenue Memorandum Circular No. 19-2019 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Notes to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Caparros, Cendaña, and Co.
BOA/PRC Accreditation No. 8996 (issued on January 25, 2024; effective until November 7, 2026)
SEC Accreditation No. 8996 – SEC (Group C) (Issued on February 11, 2021, valid for 5 years)
BSP Accreditation No. 8996-BSP (Group C) (issued January 29, 2021; valid for 5 years)
IC Accreditation No. 8996-IC (Group C) (issued January 29, 2021; valid for 5 years)
BIR Accreditation No. 07-100762-001-2024 (issued on February 21, 2024; effective until February 21, 2027)
TIN 010-347-861-000

By:

Christian Fev E. Cendaña
CPA License. No. 145558
BOA/PRC Accreditation No. 8996/P-001 (issued on January 25, 2024; effective until November 7, 2026)
SEC Accreditation No. 145558 – SEC (Group C) (issued on February 11, 2021, valid for 5 years)
BSP Accreditation No. 145558-BSP (Group C) (issued January 29, 2021; valid for 5 years)
IC Accreditation No. 145558-IC (Group C) (issued January 29, 2021; valid for 5 years)
BIR Accreditation No. 07-100763-001-2024 (issued on February 21, 2024; effective until February 21, 2027)
T.I.N. No. 428—838—905
PTR No. 9763218 (Issued on January 4, 2024 in Marikina City, Philippines)

City of Pasig, Philippines
May 29, 2025

CAPARROS CENDAÑA & CO.
Caparros, Cendaña, and Co.
Unit 508, Semicon Corporate Building
50 Marcos Highway, Dela Paz, Pasig City
Metro Manila, Philippines

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Report of Independent Auditor
To Accompany Income Tax Return

The Board of Directors and Stockholders
Cash-Express Philippines Financing Inc.
Under the business style and name of Cash-Express
Unit 3101, Trade and Financial Tower, 7th Avenue corner 32nd Street
Fort Bonifacio, Global City, Taguig City, 1634

We have audited the amended financial statements of **Cash-Express Philippines Financing Inc. (under the business style and name of Cash-Express)** for the year ended December 31, 2024, on which we have rendered the attached report dated May 29, 2025.

In compliance with Revenue Regulations V—20, we are stating the following:

1. The taxes paid and accrued for the year ended December 31, 2024 are shown in the Schedule of Taxes and Licenses.

2. We are not related by consanguinity or affinity to the president, manager, or other key personnel of the Company.

Caparros, Cendaña, and Co.
BOA/PRC Accreditation No. 8996 (issued on January 25, 2024; effective until November 7, 2026)
SEC Accreditation No. 8996 – SEC (Group C) (Issued on February 11, 2021, valid for 5 years)
BSP Accreditation No. 8996-BSP (Group C) (issued January 29, 2021; valid for 5 years)
IC Accreditation No. 8996-IC (Group C) (issued January 29, 2021; valid for 5 years)
BIR Accreditation No. 07-100762-001-2024 (issued on February 21, 2024; effective until February 21, 2027)
TIN 010-347-861-000

By:

Christian Fev E. Cendaña
CPA License. No. 145558
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IC Accreditation No. 145558-IC (Group C) (issued January 29, 2021; valid for 5 years)
BIR Accreditation No. 07-100763-001-2024 (issued on February 21, 2024; effective until February 21, 2027)
T.I.N. No. 428—838—905
PTR No. 5715782 (Issued on January 6, 2025 in Mandaluyong City, Philippines)

City of Pasig, Philippines
May 29, 2025

CAPARROS CENDAÑA & CO.
Caparros, Cendaña, and Co.
Unit 508, Semicon Corporate Building
50 Marcos Highway, Dela Paz, Pasig City
Metro Manila, Philippines

Mobile: 0917-6258093
Website: ccc.net.ph
Email: info@ccc.net.ph

Supplemental Statement of Independent Auditor

The Board of Directors and Stockholders
Cash-Express Philippines Financing Inc.
Under the business style and name of Cash-Express
Unit 3101, Trade and Financial Tower, 7th Avenue corner 32nd Street
Fort Bonifacio, Global City, Taguig City, 1634

We have audited the amended financial statements of **Cash-Express Philippines Financing Inc. (under the business style and name of Cash-Express)** for the year ended December 31, 2024, on which we have rendered the attached report dated May 29, 2025.

In compliance with the revised SRC Rule 68, we are stating that the said Company has a total number of two (2) shareholders owning one hundred (100) or more shares as of December 31, 2024.

Caparros, Cendaña, and Co.
BOA/PRC Accreditation No. 8996 (issued on January 25, 2024; effective until November 7, 2026)
SEC Accreditation No. 8996 – SEC (Group C) (Issued on February 11, 2021, valid for 5 years)
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BIR Accreditation No. 07-100762-001-2024 (issued on February 21, 2024; effective until February 21, 2027)
TIN 010-347-861-000

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Christian Fev E. Cendaña
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BIR Accreditation No. 07-100763-001-2024 (issued on February 21, 2024; effective until February 21, 2027)
T.I.N. No. 428—838—905
PTR No. 5715782 (Issued on January 6, 2025 in Mandaluyong City, Philippines)

City of Pasig, Philippines
May 29, 2025

Cash-Express Philippines Financing Inc.
Under the business style and name of Cash-Express

Formerly: CashXpress South East Asia Lending Inc.
Under the business style and name of
CashXpressPH Lending

AMENDED AUDITED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2024

CONTENTS

STATEMENTS OF FINANCIAL POSITION
As at December 31, 2024
(With Comparatives for 2023)

	Note	2024	2023
ASSETS			
CURRENT ASSETS			
Cash	6	P37,569,559	P55,471,585
Loans and other receivables - net	7	942,094	86,807,223
Other current assets	8	1,015,619	2,410,648
Total Current Assets		39,527,272	144,689,456
NON-CURRENT ASSETS			
Property and equipment - net	9	3,447,246	3,190,409
Right-of-use-asset	16	736,666	3,683,329
Non-current receivable - third party	10	366,236	–
Security deposit	11	1,014,450	1,014,450
Deferred income tax assets - net	22	69,925,042	28,195,036
Total Non-Current Assets		75,489,640	36,083,224
TOTAL ASSETS		**P115,016,912**	**P180,772,680**
LIABILITIES AND CAPITAL DEFICIENCY			
CURRENT LIABILITIES			
Accrued expenses and other payables	12	P15,815,109	P9,537,725
Income tax payable	22	6,919,946	4,230,801
Lease liability	16	–	3,014,799
Total Current Liabilities		22,735,055	16,783,325
NON-CURRENT LIABILITIES			
Loans payable	13	320,109,571	232,962,649
Lease liability	16	788,922	788,922
Other non-current liability	14	24,389,530	–
Total Non-Current Liabilities		345,288,023	233,751,571
TOTAL LIABILITIES		368,023,078	250,534,896

(Forward)

	Note	2024	2023
CAPITAL DEFICIENCY			
Share capital	17	P12,000,000	P12,000,000
Deficit		(265,006,166)	(81,762,216)
TOTAL CAPITAL DEFICIENCY		(253,006,166)	(69,762,216)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY		**P115,016,912**	**P180,772,680**

(See accompanying notes to financial statements)

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Year Ended December 31, 2024
(With Comparatives for 2023)

	Note	2024	2023
REVENUE	18	P918,178,336	P405,791,462
COST OF SERVICES	19	(786,746,396)	(123,738,052)
GROSS PROFIT		131,431,940	282,053,410
OPERATING EXPENSES	20	(329,549,467)	(312,580,907)
OPERATING LOSS		(198,117,527)	(30,527,497)
OTHER INCOME (EXPENSES)	21	19,789,691	(8,025,627)
FINANCE COST	16	(146,792)	(239,385)
NET LOSS BEFORE TAX		**(218,054,010)**	**(38,792,509)**
INCOME TAX BENEFIT	22	**34,810,060**	**11,298,106**
NET LOSS AFTER TAX		**(P183,243,950)**	**(P27,494,403)**

(See accompanying notes to financial statements)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (CAPITAL DEFIENCY)
For the Year Ended December 31, 2024
(With Comparatives for 2023)

	Capital Stock	Deficit	Total
Balances as at December 31, 2022	P12,000,000	(P54,267,813)	(P42,267,813)
Net loss for the year	–	(27,494,403)	(27,494,403)
Balances as at December 31, 2023	**12,000,000**	**(81,762,216)**	**(69,762,216)**
Net loss for the year	–	(183,243,950)	(183,243,950)
Balances as at December 31, 2024	**P12,000,000**	**(P265,006,166)**	**(P253,006,116)**

STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2024
(With Comparatives for 2023)

	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before tax		(P218,054,010)	(P38,792,509)
Adjustments for:			
Loss on sale of loans receivable		501,596,153	–
Provision for credit loss		263,703,242	213,902,218
Depreciation		3,139,500	4,822,691
Interest expense on lease liability		146,792	239,385
Interest income		(5,306)	(3,375)
Unrealized foreign exchange (gain) loss		16,153,287	6,269,591
Operating cash flow before working capital changes		566,679,658	186,438,001
Working capital changes			
(Increase) decrease in:			
Accounts receivable		(916,571)	–
Loans receivable		(681,943,114)	(285,873,943)
Other current assets		1,395,029	3,603,866
Security deposit		–	(700,050)
Increase in:			
Accrued expenses and other payables		6,277,384	8,155,646
Cash used in operations		(108,507,614)	(88,376,480)
Income tax paid		(4,230,801)	–
Interest income received		5,306	3,375
Net cash used in operating activities		**(112,733,109)**	**(88,373,105)**
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of property and equipment, representing net cash used in investing activity		**(449,674)**	**(3,109,969)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan obtained		70,993,635	140,249,701
Other non-current liability		24,389,530	–
Proceeds from sale of loans receivable		3,425,419	–
Payment of principal portion of lease liability		(3,161,591)	(3,172,366)
Non-current receivable - third party		(366,236)	–
Net cash from financing activities		**95,280,757**	**137,077,335**
NET (DECREASE) INCREASE IN CASH		**(17,902,026)**	**45,594,261**
CASH AT BEGINNING OF THE YEAR	6	**55,471,585**	**9,877,324**
CASH AT END OF THE YEAR	6	**P37,569,559**	**P55,471,585**

(See accompanying notes to financial statements)

SCHEDULE OF SELECTED FINANCIAL RATIOS
(As required under Revised SRC Rule 68 Part 1 5 (D))
For the years ended December 31, 2024 and 2023

	Ratios/Percentages	Current Year	Prior Year
1	Total Real Estate Investments to Total Assets	*The Company has not recognized any real estate investments for the year ended December 31, 2024.	*The Company has not recognized any real estate investments for the year ended December 31, 2023.
2	Total Receivables to Total Assets	0.009x	0.48x
3	Total DOSRI Receivables to Net Worth	*The Company has not recorded any DOSRI for the period ended December 31, 2024.	*The Company has not recorded any DOSRI for the period ended December 31, 2023.
4	Amount of Receivables from a Single Corporation to Total Receivables	*The Company has not recorded any receivables from a single corporation for the year ended December 31, 2024.	*The Company has not recorded any receivables from a single corporation for the year ended December 31, 2023.

SCHEDULE OF SELECTED FINANCIAL RATIOS
(As required under Revised SRC Rule 68 Part 1 5 (C))
For the years ended December 31, 2024 and 2023

Ratio	Formula	Current Year	Prior Year
Current ratio	Current assets / Current liabilities	1.74x	8.62x
Acid test ratio	(Current assets - Inventories) / Current liabilities	1.69x	8.48x
Solvency ratios			
Debt-to-equity ratio	Total liabilities / Shareholder's equity	-1.47x	-3.59x
Asset-to-equity ratio	Total assets/Shareholder's equity	-0.47x	-2.59x
Interest rate coverage ratio	EBIT/Interest expense	-10.01x	-19.37x
Return on equity	Net income / Shareholder's equity	105%	49%
Return on assets	Net income / Total assets	-108%	-24%
Net profit margin	Net profit / Net sales	-17%	-5%

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General Information

Corporate Information

Cash-Express Philippines Financing Inc., doing business under the name and style of "Cash-Express" (Formerly: Cashxpress South East Asia Lending Inc. Doing business under CashXpress PH Lending) (referred to as the "Company"), was registered with the Securities and Exchange Commission (SEC) on March 20, 2019 with SEC Registration No. CS201951088 and Certificate of Authority No. 1309, primarily to engage in the business of extending offline and online credit facilities to consumers and to industrial, commercial, or agricultural enterprises, by direct lending of by discounting or factoring commercial papers or accounts receivable, or by buying and selling contracts, leases, chattel mortgages, or other evidence of indebtedness, or by financial leasing of movable as well as immovable property (Sec. 3 of Republic Act No. 8556 known as the Financing Company Act of 1998). Provided, however, that there shall be continuing compliance of SEC Memorandum Circulars (MC) on:

1. Prohibition of Unfair Debt Collection Practices of Financing Companies and Lending Companies (LC); and
2. Disclosure Requirements on Advertisements for Financing Companies and Lending Companies and Reporting of Online Lending Platforms (Memorandum Cicular (MC) Nos. 18 and 19, Series of 2019, respectively).

On December 1, 2022, the Company's name was changed from CashXpress South East Asia Lending Inc. doing business under the name and style of "CashXpressPH Lending" to Cash-Express Philippines Financing Inc., doing business under the name and style of "Cash-Express".

The Company's registered business address was previously located at Level 10-1, One Global Place, 25th Street & 5th Avenue, Bonifacio Global City, Taguig City, Philippines, 1632. On April 12, 2023, the principal place of business was transferred to Unit 3101, Trade and Financial Tower, 7th Avenue corner 32nd Street, Fort Bonifacio, Global City, Taguig City, 1634. The change in address was reflected in the General Information Sheet approved by the Securities and Exchange Commission (SEC) on May 17, 2024. The address update was already processed with the Bureau of Internal Revenue (BIR) and the Local Government Unit (LGU) in 2023.

As of reporting date, the Company's registered address has been updated with the SEC and BIR. The Electronic Filing and Payment System (EFPS) records are in the process of being aligned to reflect the same address, and management expects completion of this update in 2025.

Material Uncertainty Related to Going Concern

The Company has incurred net losses of P154,048,980 and P27,494,403 in 2024 and 2023, respectively, resulting to accumulated deficit of P235,811,196 and P81,762,216 as at December 31, 2024 and 2023, respectively and capital deficiency of P223,811,196 and P69,762,216 as at December 31, 2024 and 2023, respectively. The financial statements have been prepared on a going concern basis, despite the Company's capital deficiency as at December 31, 2024, which resulted from accumulated operating losses.

To address this, the Company expects continued financial support from third parties, as evidenced by other non-current liability amounting to P24,389,530 and nil as of December 31, 2024 and 2023, respectively. Management is also implementing measures to improve cash flow through enhanced collection policies and cost control initiatives.

1. **General Information (Cont'd)**

Material Uncertainty Related to Going Concern (Cont'd)

These plans are expected to improve the Company's financial position and support its ability to continue operating as a going concern.

Authorization for issuance of financial statements
The accompanying amended financial statements were approved and authorized for issue by the Board of Directors/Stockholders on May 29, 2025.

2. **Summary of Material Accounting Policies, Changes and Improvements**

Statement of Compliance
The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board Of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation
These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Functional and Presentation Currency
These financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Company operates. All amounts are rounded to the nearest peso, except when otherwise indicated.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2024. Adoption of these pronouncements did not have any material impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to Philippine Accounting Standard (PAS) 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Current versus Noncurrent Classification
The Company presents assets and liabilities in the statement of financial position based on current or noncurrent classification.

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash in bank and on hand unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

2. **Summary of Material Accounting Policies, Changes and Improvements (Cont'd)**

Current versus Noncurrent Classification (Cont'd)

All other assets are classified as noncurrent.

A liability is current when:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period; or
- Not subject to unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement

The Company initially measures its financial instruments and nonfinancial assets at fair value. The fair values of financial instruments measured at amortized cost and investment properties are disclosed in Note 4. 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 Company.

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 nonfinancial 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 Company 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 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.

2. Summary of Material Accounting Policies, Changes and Improvements (Cont'd)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above (see Note 4).

<u>Cash</u>
Cash includes in bank and on hand. Cash in bank represents savings deposits that earn interest at the respective Company deposit rates and are subject to insignificant risk of changes in value.

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>
Date of recognition
The Company recognizes financial instruments in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial recognition of financial instruments
All financial instruments are initially recognized at fair value. Except for financial assets at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs.

'Day 1' difference
Where the transaction price in a non-active market is different with 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 Company recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income unless it qualifies for recognition as some other type of asset. In cases where data are not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' difference amount.

<u>Classification and Measurement of Financial Assets (after adoption of PFRS 9)</u>
Financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

Business model assessment
The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

2. **Summary of Material Accounting Policies, Changes and Improvements (Cont'd)**

The Company'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 of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and,
- the expected frequency, value and timing of sales are also important aspects of the Company's assessment.

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 Company's original expectations, the Company 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.

Solely payments of principal and interest (SPPI) test
As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'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).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets at FVPL
Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Company has chosen to designate as at FVPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVPL, unless the Company designates an investment that is not held for trading as at FVOCI at initial recognition.

A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Company 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.

As of December 31, 2024 and 2023, the Company does not have financial assets at FVPL.

2. Summary of Material Accounting Policies, Changes and Improvements (Cont'd)

Financial assets at FVOCI
The Company applies debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test

For equity instruments, an entity may make an irrevocable election (fair value option) at initial recognition for particular investments that would otherwise be measured at FVPL to present subsequent changes in fair value in other comprehensive income (FVOCI).

As of December 31, 2024 and 2023, the Company does not have financial assets at FVOCI.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments),
- 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 at FVPL.

Financial assets at FVOCI designated irrevocably at fair value through OCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. It shall recognize dividends from that investments in profit or loss in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are no longer permitted to reclassify from OCI to profit or loss.

As of December 31, 2024 and 2023, the Company does not have financial assets at FVOCI.

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes cash in bank and on hand.

2. Summary of Material Accounting Policies, Changes and Improvements (Cont'd)

Financial liabilities at amortized cost
These are issued financial instruments or their components which are not designated as at FVPL and where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

This category includes the Company's accounts payable.

Classification of financial instruments
The Company classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, financial assets at FVOCI, and receivables. The Company classifies its financial liabilities either as financial liabilities at FVPL or financial liabilities at amortized cost. The classification depends on the purpose for which the instruments were acquired or incurred and whether these are quoted in an active market. Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments issued by the Company are classified as liability or equity in accordance with the substance of the contractual arrangement. Any interest, dividends, realized and unrealized gains and losses from financial instruments or a component considered as a financial liability are recognized in profit or loss. Distributions to holders of financial instruments classified as equity are treated as owner-related, thus, are charged directly to equity.

Impairment of financial Assets (PFRS 9)
The Company recognizes an allowance for expected credit losses (ECLs) for all loans and other debt financial assets at amortized cost and debt instruments at FVOCI. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12-months' ECL. Equity instruments are not subject to impairment at PFRS 9.

The 12-month ECL represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both lifetime ECL and 12-month ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument has experience a SICR since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

2. Summary of Material Accounting Policies, Changes and Improvements (Cont'd)

Based on the above process, the Company groups its financial instruments into stages.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Company recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Company recognizes a lifetime ECL for Stage 2 financial instruments.
- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The probability of default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio, adjusted for forward-looking factors specific to the debtors and the economic environment.
- The exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- The loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

<u>Derecognition of Financial Assets and Financial Liabilities</u>

Financial assets

A financial asset (or, 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 transferred;
- the Company 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 Company 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 the risks and rewards of the asset but has transferred the control of the asset.

Where the Company 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 of the asset, the asset is recognized to the extent of the Company'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 Company could be required to repay.

2. Summary of Material Accounting Policies, Changes and Improvements (Cont'd)

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, 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 statements of income.

Equity
Capital stock
Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

Subscriptions receivable pertains to uncollected portion of subscribed stocks. The Company accounted for the subscription receivable as a contra equity account, otherwise such is presented under current asset if collectible within the year.

Retained Earnings
Retained earnings represent the cumulative balance of periodic net income or loss, dividend distributions, correction of prior year errors, effect of changes in accounting policies and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit". A deficit is not an asset but a deduction from equity.

Revenue Recognition
Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements.

Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. These are recognized as incurred.

The Company establishes a five-step model to account for revenue arising from contracts with customers. The five-step model is as follows:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

2. Summary of Material Accounting Policies, Changes and Improvements (Cont'd)

Revenue Recognition (Cont'd)

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

Interest income
Interest income pertains to interest on cash in banks. Interest income from cash in banks are recognized as it accrues, taking into account the effective yield of the asset.

Cost and Expense Recognition
Cost and expense are recognized in the statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Cost and expense are recognized in the statement of income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

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

Deferred income tax
Deferred income tax is provided, using the balance sheet method, on all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred income tax assets is reviewed at each reporting 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 income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax assets to be recovered.

2. Summary of Material Accounting Policies, Changes and Improvements (Cont'd)

Income Taxes (Cont'd)

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

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

Current income tax and deferred income tax relating to items recognized in equity are recognized in OCI.

Property and Equipment

Property and equipment, except land, are stated at cost less accumulated depreciation, and impairment in value, if any. Land is stated at cost less accumulated impairment in value, if any.

The initial cost of property and equipment comprises its purchase price, including non-refundable import duties and taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in the statements of comprehensive income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increased the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is computed using the straight-line method over the following useful lives of property and equipment:

	Number of Years
Office Equipment	3 - 5 years
Furniture and Fixtures	3 - 5 years

The estimated useful lives and depreciation method are reviewed and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statements of comprehensive income in the year the asset is derecognized.

2. Summary of Material Accounting Policies, Changes and Improvements (Cont'd)

Provisions and Contingencies

Provisions are recognized when the Company has an obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

Lease Liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses the 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 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 in substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

The short-term lease exemption and the low-value asset lease exemption are not applicable to the Company as of December 31, 2024 and 2023. The Company does not have any lease arrangements that qualify as short-term leases (i.e., with a lease term of 12 months or less and without a purchase option) or leases of low-value assets such as office equipment.

Leases

The Company considers whether a contract is, or contains a lease at the inception of a contract. A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange of a consideration.

Company as Lessee

At commencement date of the lease, the Company recognizes a right-of-use ("ROU") asset and a corresponding lease liability on the statements of financial position, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. Summary of Material Accounting Policies, Changes and Improvements (Cont'd)

Leases (Cont'd)

Lease liability is measured at the present value of the unpaid lease payments, discounted using the Interest rate implicit in the lease (if readily available) or the Company's incremental borrowing rate. Incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment.

Lease payments included in the measurement of the lease liability consists of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, lease liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in the fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset, or profit and loss if the ROU asset is already reduced to zero.

ROU asset is measured at cost, which consist of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company depreciates ROU assets on a straight-line basis using the expected useful life or lease term whichever is shorter. The Company also assesses the ROU asset for impairment when such indicators exist.

Events after the Reporting Date

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

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

2. Summary of Material Accounting Policies, Changes and Improvements (Cont'd)

Standards Issued but not yet Effective (Cont'd)

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

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

  - Amendments to PFRS 9

    - Lessee Derecognition of Lease Liabilities
      The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

    - Transaction Price
      The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
    The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

  - Amendments to PAS 7, *Cost Method*
    The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements* replaces PAS 1, *Presentation of Financial Statement*s, and responds to investors' demand for better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the consolidated statement of income
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

2. Summary of Material Accounting Policies, Changes and Improvements (Cont'd)

Standards Issued but not yet Effective (Cont'd)

The new standard will have an impact on the presentation of income and expenses and additional disclosures on management-defined performance measures but will not have an impact on the recognition and measurement in the financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*

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

3. Significant Accounting Judgments and Estimates

Accounting estimates and judgments 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

Judgements

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

a. *Classification of Financial Instruments*
   The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

b. *Employee Benefits*
   Management judgment is that it has no significant retirement obligation. Thus, it decided not to have a defined benefit retirement plan. Retirement obligation as mandated under Republic Act 7641, otherwise known as "The Philippine Retirement Pay Law" will only be recognized when due and payable following the accrual method of accounting.

c. *Lease Term Determination*
   The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if it is reasonably certain to be exercised, or periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. Management applies judgment in evaluating whether these options are reasonably certain to be exercised, considering all relevant facts and circumstances that create an economic incentive to do so.

3. **Significant Accounting Judgments and Estimates (Cont'd)**

Judgements Cont'd)

d. Identification of a Lease
Management also exercises judgment in determining whether a contract contains a lease. This involves assessing whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

e. Derecognition of Loan Receivables
The Company exercised significant judgment in determining whether the derecognition criteria under PFRS 9 were met for the sale of loan receivables. Management assessed the transfer of risks and rewards and concluded that substantially all risks were transferred, leading to derecognition. Estimation was also involved in determining the fair value of consideration received, which impacted the loss recognized on the sale.

f. Provision for Expected Credit Losses
The Company exercises significant judgment in determining the provision for expected credit losses (ECL) on financial assets, including loans and other receivables. In assessing ECL, the Company uses historical credit loss experience as the basis for establishing a fixed provision rate, which is adjusted as necessary to reflect current and forward-looking information, including prevailing economic conditions. Management applies judgment in setting the applicable loss rate and in evaluating whether there has been a significant increase in credit risk that would require adjusting the provision. Loans and other receivables, net of allowance for credit losses amounted to P942,094 and P86,807,223 as of December 31, 2024 and 2023, respectively.

Estimates
The key estimates and assumptions that may have significant risks of causing material adjustments to the carrying amounts of revenues, expenses, assets and liabilities within the next financial period are discussed below.

a. Impairment of financial assets
The Company maintains an allowance for impairment losses based on the result of the individual and collective assessment. The Company performs collective impairment by grouping exposures into smaller homogeneous portfolios based on a combination of borrower and account characteristics. Accounts with similar facility are pooled together for calculating provisions based on the ECL models.

Generally, the Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Treasury exposures are considered in default upon occurrence of a credit event such as but not limited to Company bankruptcy of counterparty, restructuring, failure to pay on an agreed settlement date, or request for moratorium.

b. Recognition of deferred tax assets
Deferred tax assets are recognized for all temporary differences to the extent that it is probable that the taxable profit will be available against which the temporary differences can be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. The recognized deferred tax assets are disclosed in Note 22.

3. **Significant Accounting Judgments and Estimates (Cont'd)**

c. *Estimation of Useful Lives of Property and Equipment*
The useful lives of the Company's computer equipment and furniture and fixtures costs are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of computer equipment and furniture and fixtures costs are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. Any reduction in the estimated useful lives of computer equipment and furniture and fixtures costs would increase the Company's recorded expenses and decrease noncurrent assets.

c. *Estimation of Useful Lives of Property and Equipment (Cont'd)*
There were no changes in the estimated useful lives of office equipment and furniture and fixtures as at December 31, 2024 and 2023. The aggregate carrying values of property and equipment amounted to P3,447,246 and P3,190,409 as at December 31, 2024 and 2023, respectively (Note 9).

d. *Depreciation and Impairment of Right-of-Use (ROU) Assets*
The Company estimates the useful lives of right-of-use assets based on the shorter of the lease term and the useful life of the underlying asset. The right-of-use assets are also subject to impairment testing whenever indicators of impairment exist, which involves estimating the recoverable amount based on expected future cash flows and discount rates.

As of December 31, 2024 and 2023, management assessed that there were no indicators of impairment for its right-of-use assets.

4. **Fair Value Measurement**

The carrying values and estimated fair values of the Company's financial assets and financial liabilities as of December 31, 2024 and 2023 are presented below:

	December 31, 2024		**December 31, 2023**	
	Carrying Values	**Fair Values**	**Carrying Values**	**Fair Values**
Financial assets				
Cash	P37,569,559	P37,569,559	P55,466,585	P55,466,585
Loans and other receivables - net	942,094	942,094	86,807,223	86,807,223
Non-current receivable - third party	366,236	366,236	–	–
Security deposits	1,014,450	1,014,450	1,014,450	1,014,450
	P39,892,339	**P39,892,339**	**P143,288,258**	**P143,288,258**
Financial liabilities				
Accrued expenses	P1,648,755	P1,648,755	P140,492	P140,492
Other non-current liability	24,389,530	24,389,530	–	–
Loans payable	320,109,571	320,109,571	232,962,649	232,962,649
	P346,147,856	**P346,147,856**	**P233,103,141**	**P233,103,141**

4. **Fair Value Measurement (Cont'd)**

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

5. **Financial Risk Management Objectives and Policies**

The Company's principal financial instruments comprise cash in bank and on hand. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial liabilities such as accounts payable, which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The BOD reviews and agrees policies for managing each of these risks as summarized below.

<u>Credit Risk</u>
Credit risk is the risk arising from the inability of a debtor to make payments when due. The collectibility of the receivables is assessed on a continuing basis and the Company's exposure to bad debts on these receivables is not significant.

As at December 31, 2024 and 2023, the Company has no significant concentration of credit risk.

The table below shows the maximum exposure to credit risk of the Company's financial assets. The maximum exposure is shown at gross, before the effect of mitigation through the use of master netting arrangements or collateral agreements.

	2024	**2023**
Cash	P37,569,559	P55,466,585
Loans and other receivables - net	942,094	86,807,223
Non-current receivable - third party	366,236	–
Security deposit	1,014,450	1,014,450
Total	**P39,892,339**	**P143,288,258**

The credit quality rating of the Company's financial assets follows:

	December 31, 2024				
	Neither Past Due nor Impaired				
	High Grade	**Standard Grade**	**Past due but not impaired**	**Past due and impaired**	**Total**
Cash	P37,569,559	P–	P–	P–	P37,569,559
Loans and other receivables, - net	–	942,094	–	–	942,094
Non-current receivable - third party	–	366,236	–	–	366,236
Security deposit	–	1,014,450	–	–	1,014,450
Total	**P37,569,559**	**P2,322,780**	**P–**	**P–**	**P39,892,339**

5. **Financial Risk Management Objectives and Policies (Cont'd)**

Credit Risk (Cont'd)

	December 31, 2023				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past due but not impaired	Past due and impaired	Total
Cash	P55,466,585	P–	P–	P–	P55,466,585
Loans and receivables - net	54,381,319	–	32,425,904	–	86,807,223
Security deposit	1,014,450	–	–	–	1,014,450
Total	**P110,862,354**	**P–**	**32,425,904**	**P–**	**P143,288,258**

Credit ratings were determined as follows:

- High Grade
  This includes deposits or placements to counterparties with good credit ratings or bank standing. Cash in are classified as "High Grade" since these are deposited and invested with reputable banks and can be withdrawn anytime.

- Standard Grade
  This includes deposits or placements to counterparties that are not classified as "High Grade."

- Substandard Grade
  For receivables, this consists of current month's billings which are not foreseen to be collected within 60 days and are neither categorized as "High Grade" nor "Standard Grade."

As of December 31, 2024 and 2023, the Company does not have financial assets classified as "Substandard Grade", "Past due but not impaired" and "Impaired".

Liquidity Risk
Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due. The Company manages this risk through daily monitoring of cash flows in consideration of future payment due dates and daily collection amounts. The Company also ensures that there are sufficient, available and approved working capital lines that it can draw from at any time.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents.

The Company manages liquidity risk by maintaining a pool of credit lines from financial institutions that extend expected financing requirements for working capital.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

5. Financial Risk Management Objectives and Policies (Cont'd)

Liquidity Risk (Cont'd)

As of December 31, 2024:

	On Demand	Less than 3 Months	3 to 12 Months	More than 12 Months	Total
Accrued expenses and other payables	P–	P1,648,755	P–	P–	P1,648,755
Other non-current liability	–	–	–	24,389,530	24,389,530
Loans payable	–	–	–	320,109,571	320,109,571
	P–	**P1,648,755**	**P–**	**P344,499,101**	**346,147,856**
Cash	P37,569,559	P–	P–	P–	P37,569,559
Loans and other receivable - net	942,094	–	–	–	942,094
Non-current receivable - third party	–	–	–	366,236	366,236
Security deposit	1,014,450	–	–	–	1,014,450
	P39,526,103	**P**	**P–**	**P366,236**	**P39,892,339**

As of December 31, 2023:

	On Demand	Less than 3 Months	3 to 12 Months	More than 12 Months	Total
Accrued expenses and other payables	P140,492	P–	P–	P–	P140,492
Loans payable	–	–	–	232,962,649	232,962,649
	P140,492	**P–**	**P–**	**P232,962,649**	**P233,103,141**
Cash	P55,466,585	P–	P–	P–	P55,466,585
Loans and other receivables - net	54,381,319	16,771,372	15,654,532	–	86,807,223
Security deposit	1,014,450	–	–	–	1,014,450
	P55,395,769	**P16,771,372**	**P15,654,532**	**P–**	**P143,288,258**

Interest Rate Risk

The Company is not exposed to any significant interest rate risk. Interest rate risk is the potential loss arising from changes in market rates. The interest rate that the Company passed on to the borrowers are usually fixed and generally at equal market rates. Thus, exposure to interest rate risk is minimal.

	December 31, 2024			December 31, 2023		
	Less than 6 Months	**6 Months to 1 Year**	**More than 1 Year**	**Less than 6 Months**	**6 Months to 1 Year**	**More than 1 Year**
Financial Assets:						
Cash in banks	0.-0.5%			0.-0.5%		
Loans and other receivables - net	1-2.3%	0.-0.5%	0.-0.5%	0.-0.5%	0.-0.5%	0.-0.5%
Financial Liabilities:						
Loans payable			15.5%			15.5%

Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimize the cost of capital.

5. Financial Risk Management Objectives and Policies (Cont'd)

Capital Management (Cont'd)

The Company considers the following as capital:

	2024	2023
Capital stock	P12,000,000	P12,000,000
Deficit	(235,811,196)	(81,762,216)
Total	**(P223,811,196)**	**(P69,762,216)**

The Company monitors capital using debt to total equity ratio. Debt includes trade and other payables, payable to government agencies, advances from related parties and loans payable. The Company's ratio of debt to total equity follows:

	2024	2023
Accrued expenses and other payables	P15,815,109	P9,537,725
Lease liability	788,922	3,803,721
Loans payable	320,109,571	232,962,649
Other non-current liability	24,389,530	–
Total debt (a)	**P361,103,132**	**P246,304,095**
Total equity (b)	**(P223,811,196)**	**(69,762,216)**
Debt to total equity ratio (a/b)	**(-1.44) : 1.00**	**(3.40) : 1.00**

As of December 31, 2024 and 2023, the Company reported capital deficiencies of P223,811,196 million and P69,762,216, respectively, due to accumulated losses. While the Company continued its operations, the capital management objectives were not met during both reporting periods.

To address this, the Company is relying on financial support from related parties and is pursuing additional funding. Management is also implementing enhanced collection and cost control measures to improve its capital position.

6. Cash

This account consists of:

	2024	2023
Cash in bank	P37,569,559	P55,466,585
Cash on hand	–	5,000
Total	**P37,569,559**	**P55,471,585**

Cash in bank represents deposits in local bank which are unrestricted as to withdrawal and readily available for use in current operations and or payment of current obligations of the company. This earns interest based on daily bank deposit rates.

Interest income recognized from the above cash in banks amounted to P5,306 and P3,375 for the years ended December 31, 2024 and 2023, respectively (see Note 21).

7. **Loans and other receivables - net**

This account consists of:

	2024	2023
Loans receivables	P263,135,502	P164,750,614
Advances to employees	15,766	10,423
Other receivables	900,805	210,000
Gross receivables	264,052,073	164,971,037
Allowance for credit losses	(263,109,979)	(78,163,814)
Loans and other receivables - net	**P942,094**	**P86,807,223**

The Company's loan receivable are loans extended to individual borrowers that are unsecured and have terms ranging from five (5) to twenty (20) days and are subject to an interest rate of 1% to 2.3% per day. Starting March 2022, the company has changed its loan product terms to six (6) months payable on instalment basis either every 7 days or 14 days with interest rate of 1-2% per day.

During the years 2024 and 2023, the Company sold loan portfolio at a loss of P501,596,153 and P63,327,956, respectively. Proceeds from the sale amounted to P3,425,419 and P2,503,689 for the year 2024 and 2023, respectively. The transaction was significant relative to total assets and involved the sale of nearly all outstanding loan receivables for minimal or no consideration.

Advances to employees pertain to salary and cash advances to employees which are deductible from their salary.

During 2024, the Company recognized a loss on sale of receivables totalling P501,596,153.

Other receivables pertain to maternity benefit paid to employees and receivables from Social Security Services.

On March 1, 2022, the Securities and Exchange Commission issued Memorandum Circular No. 3 Series of 2022, implementing the Bangko Sentral ng Pilipinas Circular 1133 Series of 2021 on the Ceiling on interest rates and other fees charged by lending companies, financing companies and their online lending platforms.

Movement on "Allowance for Credit Losses" account in 2024 and 2023 is as follows:

	2024	2023
Balance as at January 1	P78,163,814	P13,159,077
Provision for credit loss	263,703,242	213,902,218
Reversal (due to sale of receivables)	(78,757,077)	–
Written-off accounts	–	(148,897,481)
Balance as at December 31	**P263,109,979**	**P78,163,814**

8. **Other current assets**

This account consists of:

	2024	2023
Prepayments	P997,319	997,319
Loan prefunding	18,300	1,413,329
Total	**P1,015,619**	**P2,410,648**

Loan prefunding pertains to the funds provided by the Company to its third-party loan disbursement partners. This fund is being used for the disbursement of approved loan applications.

Prepayments include advance rental to the lessor and advance payment for credit card.

9. **Property and equipment - net**

As of December 31, 2024:

	Office Equipment	Furniture and Fixtures	Total
Costs			
Beginning of year	P5,856,595	P1,204,265	P7,060,860
Additions	228,950	220,724	449,674
Disposals	–	–	–
End of year	**6,085,545**	**1,424,989**	**7,510,534**
Accumulated Depreciation			
Beginning of year	P3,423,483	P446,968	P3,870,451
Depreciation	166,349	26,488	192,837
Disposals	–	–	–
End of year	**3,589,832**	**473,456**	**4,063,288**
Net Book Values	**P2,495,713**	**P951,533**	**P3,447,246**

As of December 31, 2023:

	Office Equipment	Furniture and Fixtures	Total
Costs			
Beginning of year	P3,621,676	P329,215	P3,950,891
Additions	2,234,919	875,050	3,109,969
Disposals	–	–	–
End of year	**5,856,595**	**1,204,265**	**7,060,860**
Accumulated Depreciation			
Beginning of year	1,483,233	178,476	1,661,709
Depreciation	1,940,250	268,492	2,208,742
Disposals	–	–	–
End of year	**3,423,483**	**446,968**	**3,870,451**
Net Book Values	**P2,433,112**	**P757,297**	**P3,190,409**

9. **Property and equipment - net (Cont'd)**

Management believes that there is no indication that the Company's property and equipment accounts are impaired.

No property and equipment have been pledged as security for liabilities as of the end of the reporting periods. There were no contractual commitments for the acquisition of property and equipment as of December 31, 2024 and 2023.

10. **Non-current receivable - third party**

This account consists of:

	2024	2023
Non-current receivable - third party	P366,236	P–
Total	**P366,236**	**P–**

The Company granted to a third party a non-interest-bearing advance amounting to P366,236 and nil as of December 31, 2024 and 2023. The amount is classified as non-current receivable, with expected settlement beyond 12 months. Management assessed that the effect of discounting is immaterial; thus, the receivable is carried at face value.

11. **Security deposit**

This account consists of:

	2024	2023
Security deposit	P1,014,450	P1,014,450
Total	**P1,014,450**	**P1,014,450**

Security deposits pertain to rental deposit and refundable at the end of the lease term.

12. **Accrued expenses and other payables**

This account consists of:

	2024	2023
Percentage tax payable	P12,031,509	P7,610,487
Accrued expense	1,648,755	140,492
Withholding taxes - final	854,087	750,234
Documentary stamp tax (DST) payable	616,495	486,415
SSS, Philippine Health Insurance Corporation (PHIC) and Home Development Mutual Fund (HDMF) payables	364,059	349,490
Withholding taxes - compensation	184,385	159,411
Withholding taxes - expanded	115,819	41,196
Total	**P15,815,109**	**P9,537,725**

Accrued expenses include accrued professional fees and other expenses incurred but not yet billed or paid as of the reporting date. The amounts are expected to be settled within 30 to 60 days upon billing or completion of services.

13. Loans payable

Details of loans payable as of December 31, 2024 and 2023 are as follows:

	2024	2023
Balance as at January 1	P232,962,649	P86,443,357
Additions	70,993,635	140,249,701
Unrealized foreign exchange (gain) loss	16,153,287	6,269,591
Balance as at December 31	**P320,109,571**	**P232,962,649**

This account pertains to a loan obtained from UAB Aldega and UAB ON Invest, both Lithuanian companies. The loan bears interest of 15.50% per annum. The loan is payable after two (2) years and renewable upon agreement of both parties. The Company began obtaining loans in 2021 to finance its operations and support its capital requirements, which were primarily used to fund loans receivable. This loan is unsecured and no collateral has been used to secure the loan.

The loan is Euro (EUR) currency denominated amounting to EUR5,323,625 and EUR3,789,625 as of December 31, 2024 and 2023, respectively.

Interest expense incurred from the loan amounted to P19,801,252 and P1,665,113 for the years ended December 31, 2024 and 2023, respectively.

14. Other non-current liability

This account consists of:

	2024	2023
Other non-current liability	P24,389,530	P–
Total	**P24,389,530**	**P–**

As of December 31, 2024 and 2023, other non-current liabilities amounted to P24,389,530 and nil, respectively. The balance represents a non-interest-bearing advances from an unrelated third party, which is not subject to interest and is payable beyond twelve (12) months from the reporting date.

Management assessed the transaction and concluded that the effect of discounting to present value is not material to the financial statements; hence, the liability is recognized at face value.

15. Related party transactions

Related party relationship exists when entities and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries. Furthermore, associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the entity, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

15. **Related party transactions (Cont'd)**

The following provides the total amount of transactions, which have been provided and/or contracted by the Company with related parties for the relevant financial year.

The shareholder extends to the Company advances for use in its operations and working capital requirements.

Loans payable as at December 31, 2024 and 2023 is as follow:

Related Party	Year	Transactions During the Year	Outstanding Balances	Terms	Conditions
UAB ALDEGA (With common director)	**2024**	P47,469,032	P272,747,456	Subject to 15.5% annual interest; payable within 2 years, payable in cash	Unsecured
	2023	146,278,738	225,278,424		
UAB DN INVEST (Shareholder)	**2024**	751,263	8,435,488	Subject to 15.5% annual interest; payable within 2 years, payable in cash	Unsecured
	2023	240,554	7,684,225		
Total	**2024**	**P87,146,922**	**P320,109,571**		
	2023	**P146,519,292**	**P232,962,649**		

Compensation of Key Management Personnel
The compensation of the key management personnel of the Company are as follows:

	2024	**2023**
Salaries	P3,477,436	P6,977,038
13th month pay and other benefits	136,200	470,391
Total	**P3,613,636**	**P7,447,429**

16. **Lease commitment**

The Company as Lessee
The Company entered into a lease agreement covering the administrative office space. The lease agreement term is two (2) years, starting October 16, 2020 to October 15, 2022, with a monthly fixed rental of P80,000 with no escalation rate. The lease agreement was renewed for another 2 years with monthly rental of P80,000. In April 2024, this agreement has been pre-terminated.

On June 30, 2021, the Company has entered into an additional lease agreement for an additional administrative office with a term of one (1) year from August 1, 2021 to July 31, 2022, with a monthly rental of P65,000. The lease agreement was renewed for another 1 year up to July 31, 2023 with monthly rental of P57,570. In April 2024, this agreement has been pre-terminated.

On February 20, 2023, the Company has entered into a lease agreement for new administrative office with a term of two (2) years from April 1, 2024 to March 31, 2026, with a monthly rental of P229,500 in the first year and P237,150 on the second year, both exclusive of VAT. The lease can be renewed subject to agreement of both parties.

16. Lease commitment (Cont'd)

The roll forward analysis of right-of-use (ROU) assets for the years 2024 and 2023 is as follows:

	2024	2023
Cost		
Balance as at January 1	P5,893,327	P5,317,244
Adjustments	–	(1,142,714)
Additions	–	5,893,327
Disposals	–	(4,174,530)
Balance as at December 31	**5,893,327**	**5,893,327**
Accumulated Depreciation		
Balance as at January 1	2,209,998	3,770,579
Depreciation	2,946,663	2,613,949
Disposals	–	(4,174,530)
Balance as at December 31	**5,156,661**	**2,209,998**
	P736,666	**P3,683,329**

The following are the amounts recognized in the Statements of Comprehensive Income for the years 2024 and 2023:

	2024	2023
Operating Expenses:		
Depreciation on ROU Asset	P2,946,663	P2,613,949
Finance Cost:		
Interest expense on lease liability	146,792	239,385
Total	**P3,093,455**	**P2,853,334**

The roll forward analysis of lease liability for the years 2024 and 2023 is as follows:

	2024	2023
Balance as at January 1	P3,803,721	P1,986,089
Adjustments	–	(1,142,714)
Interest expense	146,792	239,385
Additions	–	5,893,327
Payments	(3,161,591)	(3,172,366)
Balance as at December 31	**P788,922**	**P3,803,721**

The current and non-current portion of the lease liability as of December 31, 2024 and 2023 are as follows:

	2024	2023
Current	P788,922	P3,014,799
Non-current	–	788,922
Total	**P788,922**	**P3,803,721**

16. **Lease commitment (Cont'd)**

The maturity analysis of the undiscounted lease payments as of December 31, 2024 and 2023 are as follows:

	2024	**2023**
Within 1 year	P796,824	P3,161,592
Later than 1 year	–	796,824
Total	**P796,824**	**P3,958,416**

17. **Equity**

Capital Stock

The Company is authorized to 1,500,000 ordinary shares with a par value of P10 per share.

As of December 31, 2024 and 2023, the Company has subscribed and paid-up ordinary shares of amounting to P12,000,000 for both years.

The reconciliation of the outstanding share capital for the year 2024 and 2023 follows:

	2024		**2023**	
	No. of shares	**Amount**	**No. of shares**	**Amount**
Beginning/End of year	1,200,000	P12,000,000	1,200,000	P12,000,000

18. **Revenue**

This account consists of:

	2024	**2023**
Interest income on loans	P875,833,685	P383,963,086
Fines and other fees	42,344,651	21,828,376
Total	**P918,178,336**	**P405,791,462**

19. **Cost of Services**

This account consists of:

	2024	**2023**
Loss on sale of receivables *(Note 7)*	P501,596,153	P–
Marketing expenses	156,609,214	45,345,199
Salaries and other benefits	28,373,535	20,288,654
Verification services	26,067,728	14,277,176
Interest expense on loans *(Note 13)*	19,801,252	1,665,113

(Forward)

19. **Cost of Services (Cont'd)**

	2024	2023
Information technology (IT) services	P18,877,050	P16,015,177
Payment provider	11,512,004	10,525,828
Taxes and licenses *(Note 23)*	8,092,192	5,725,635
Postage, telephone and communication	7,752,242	4,641,251
Incentives	4,305,028	–
SSS, HDMF and PHIC contributions	2,456,835	1,986,254
Utilities expense	531,654	577,484
Maintenance and aircon dues	515,200	304,503
Depreciation expense	181,063	2,087,258
Bank service charge	75,246	298,520
Total	**P786,746,396**	**P123,738,052**

20. **Operating expenses**

This account consists of:

	2024	2023
Provision for credit losses *(Note 7)*	P263,703,242	P213,902,218
Taxes and licenses *(Note 23)*	46,530,863	20,018,851
Debt collection fee	4,378,815	410,177
Depreciation *(Notes 9 and 16)*	2,958,437	2,735,433
Salaries and other benefits	2,858,383	7,846,130
Contracted services	2,130,010	462,636
Representation and entertainment	1,793,288	417,195
Professional fees	1,221,466	300,589
Licenses and subscriptions	836,270	62,505
Transportation and courier	799,877	506,625
Repairs and maintenance	362,560	86,900
Office supplies	284,616	869,819
Utilities expense	283,127	577,484
Bank service charge	260,756	29,477
SSS, HDMF and PHIC contributions	108,235	180,680
Rental expense	80,325	93,996
Fines and penalties	62,000	–
Postage, telephone and communication	24,988	–
Training and seminars	20,079	–
Insurance expense	2,457	1,870
Loss on rental deposit	–	314,400
Maintenance and aircon dues	–	304,503
Loss on sale of receivable	–	63,327,956
Building permit and fees	–	96,158
Miscellaneous	849,673	35,305
Total	**P329,549,467**	**P312,580,907**

20. **Operating expenses (Cont'd)**

"Miscellaneous" account includes minor expenditures incurred during the year in the ordinary course of operations, such as office expenses, food delivery charges, and other general business-related costs that are not significant enough to warrant separate classification in the financial statements.

21. **Other income (expense)**

This account consists of:

	2024	2023
Interest income - deposits	P5,306	P3,375
Realized foreign exchange loss	(3,641,710)	(1,759,411)
Unrealized foreign exchange gain (loss)	16,153,287	(6,269,591)
Total	**P12,516,883**	**(P8,025,627)**

22. **Income tax**

a. Income tax expense was computed as follows:

Current Income Tax
The reconciliation of benefit from income tax computed at the statutory income tax rate based on loss before income tax to the benefit from income tax is as follows:

	2024	2023
Benefit from income tax computed at statutory income tax rate at 25%	(P54,513,503)	(P9,698,127)
Adjustments to income tax from:		
Interest income *(Note 6)*	(1,327)	(844)
Reversal of allowance for credit losses	19,689,270	1,567,398
Non-deductible expenses: Fines and penalties	15,500	–
Benefit from income tax	**(P34,810,060)**	**(P11,298,106)**

Regular Income Tax (RCIT)
The RCIT was computed as follows:

	2024	2023
Net loss before tax, per books	(P218,054,010)	(P38,792,509)
Adjustments from:		
Provision for credit losses	263,703,242	133,765,693
Depreciation of Right-of-Use Asset	2,946,663	2,613,949
Interest expense on lease liability	146,792	239,385
Non-deductible expense: fines and penalties	62,000	–
Unrealized foreign exchange (gain)	16,153,287	–
Rental expense paid	(2,776,950)	(3,172,366)

(Forward)

22. **Income tax (Cont'd)**

	2024	2023
Interest income subjected to final tax	(P5,306)	P3,375
Write-off of loans receivables	–	(68,760,956)
NOLCO application	(17,572,730)	(25,896,571)
Net taxable income	44,602,988	–
RCIT Rate	25%	25%
Income tax due - RCIT	**P11,150,747**	**P–**

MCIT
The MCIT was computed as follows:

	2024	2023
Revenue	P918,178,336	P405,791,462
Cost of services	(786,746,396)	(123,738,052)
Gross profit	131,431,940	282,053,410
MCIT rate	2.0%	1.5%
Income tax due - MCIT	**P2,628,639**	**P4,230,801**

On July 1, 2023, the rate for the MCIT was reverted to 2% from 1% pursuant to the provision of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) and Revenue Regulations No. 5-2021.

The Company is subject to RCIT in 2024 and MCIT in 2023.

b. Income tax payable

This account consists of:

	2024	2023
Tax due (RCIT vs. MCIT whichever is higher)	P11,150,747	P4,230,801
Less: Tax credits		
Prior year's excess credits	–	–
Excess MCIT applied this year	4,230,801	–
Creditable withholding taxes	–	–
Income tax payable	**P6,919,946**	**P4,230,801**

c. The Company's deferred income tax assets and liabilities are as follows:

	2024	2023
Deferred income tax assets:		
Allowance for credit losses	P65,777,496	P19,540,954
Depreciation on ROU asset	736,666	–
Interest expense on lease liability	66,796	30,098
NOLCO	–	4,393,183
Excess MCIT	–	4,230,801
	66,580,958	**28,195,036**

(Forward)

22. **Income tax (Cont'd)**

	2024	2023
Less:		
Deferred income tax liabilities:		
Rental expense paid	P694,238	P–
Unrealized foreign exchange gain	4,038,322	–
	4,732,560	**–**
Net	**P69,925,042**	**P28,195,036**

d. NOLCO

The use of NOLCO does not apply when:
(i) A corporate taxpayer was exempt from income tax in the year the net loss was incurred.
(ii) There has been substantial change in the ownership of the business or enterprise.

Schedule of NOLCO as of December 31, 2024 is as follows:

Year of Incurrence	Year of Expiry	Additions	Applied	Expired	Balance
2022	P35,585,322	P–	P35,585,322	P–	P–
2021	10,415,511	–	10,415,511	–	–
2020	3,731,309	–	3,731,309	–	–
Total					**P–**

NOLCO application in 2024 and 2023 is as follows:

Year of Incurrence	2024	2023
2022	P17,572,530	P18,012,592
2021	–	7,883,979
Total	**P17,572,530**	**P25,896,571**

e. Excess MCIT

Schedule of Excess MCIT as of December 31, 2024 is as follows:

Year of Incurrence	Year of Expiry	Additions	Applied	Expired	Balance
2023	2026	P4,230,801	P4,230,801	P–	P–
Total					**P–**

Excess MCIT application in 2024 and 2023 is as follows:

Year of Incurrence	2024	2023
2023	P4,230,801	P–
Total	**P4,230,801**	**P–**

23. Supplementary information required by the Bureau of Internal Revenue (BIR) based on Revenue Regulations (RR) Nos. 15-2010 and 34-2020

In addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS.

The following are the tax information required for the taxable year ended December 31, 2024:

Revenue Regulations No. 15-2010

a) The Company is subjected to percentage tax on its gross income as indicated on its Certificate of Registration (COR) issued by the BIR.

Percentage tax expense and payable in 2024 are as follows:

	2024
Percentage tax expense	P45,909,728
Percentage tax payable	P12,031,509

b) Taxes and Licenses
All other taxes, local and National, including real estate taxes, license and permit fees lodged under the "Taxes and licenses" account in "Cost of Services" and "Operating Expenses" are as follows:

	2024	**2023**
Cost of services:		
Documentary stamp tax (DST) on loans receivable	P8,092,192	P5,725,635
Operating expenses:		
Percentage tax	45,909,728	19,916,198
Business permits	581,857	63,916
SEC - Registration	–	12,817
BIR registration fee	–	500
Other permits and licenses	39,278	25,420
	46,530,863	**20,018,851**
Total	**P54,623,055**	**P25,744,486**

The Company is subject to a 5% percentage tax (PT) on its gross income from financing activities pursuant to Section 122 of the National Internal Revenue Code (NIRC) of 1997, as amended. The 5% PT, which covers interest income, commissions, discounts, and other financing revenues, is in lieu of the 12% VAT.

c) Withholding Taxes

	Paid	**Payable**
Withholding taxes - final	P3,398,550	P854,087
Withholding taxes - compensation	1,850,905	184,385
Withholding taxes - expanded	1,226,929	115,819
Total	**P6,476,384**	**P1,154,291**

23. Supplementary information required by the Bureau of Internal Revenue (BIR)based on Revenue Regulations (RR) Nos. 15-2010 and 34-2020 (Cont'd)

d) Tax Assessments/Contingencies
The Company has not received any tax assessment from the BIR as of December 31, 2024.

Revenue Regulations No. 34-2020

On December 18, 2020, the BIR issued RR No. 34-2020 which requires the filing and submission of BIR Form 1709 (RPT Form) for the following:

a) Large taxpayers;
b) Taxpayers enjoying tax incentives;
c) Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two consecutive taxable years;
d) A related party which has transactions with (a), (b) or (c).

Under item (c), the Company is covered by the requirements and procedures for related party transactions provided by this RR.

24. Supplementary information required by the SEC Memorandum Circular No. 18, Series of 2024

In accordance with SEC Memorandum Circular No. 18, Series of 2024, the Company discloses the following information regarding fees paid or payable to its external auditor for professional services rendered:

Schedule of Fees Paid to External Auditor

	2024	**2023**
Audit and Audit-Related Services (a)	P285,000	P100,000
Non-Audit Services (b)	–	–
Total	**P285,000**	**P100,000**

(a) Audit and Audit-Related Services include the audit of the annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements.

(b) Non-Audit Services refer to services other than audit and audit-related services. The Company did not engage the external auditor for any non-audit services during the years ended December 31, 2024 and 2023.

Fee Dependency Disclosure

The Company has assessed that the fees paid to its external auditor do not exceed 15% of the total revenue of the auditing firm for two consecutive years. Therefore, no fee dependency situation exists as defined under SEC Memorandum Circular No. 18, Series of 2024.

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