FINANCIAL STATEMENTS

CASH-EXPRESS PHILIPPINES FINANCING INC.
Under the business style and name of Cash-Express
(Formerly: Cashxpress South East Asia Lending Inc. doing business under CashXpress PH Lending)

DECEMBER 31, 2025 and 2024

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The management of CASH-EXPRESS PHILIPPINES FINANCING INC. under the business style and name of Cash-Express is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, 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, Management affirms that the attached financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records, 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 entity's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

c. CASH-EXPRESS PHILIPPINES FINANCING INC. under the business style and name of Cash-Express 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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of CASH-EXPRESS PHILIPPINES FINANCING INC. under the business style and name of Cash-Express (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 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 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.

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

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

QUINSAY AND CO. and CAPARROS, CENDAÑA AND CO., the independent auditors appointed by the stockholders for the years ended December 31, 2025 and 2024, respectively, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have 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 24th of March, 2026.

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT TO ACCOMPANY INCOME TAX RETURN

To the Stockholders and Board of Directors
CASH-EXPRESS PHILIPPINES FINANCING INC.
Under the business style and name of Cash-ExpressAddress
(Formerly: Cashxpress South East Asia Lending Inc. doing business under CashXpress PH Lending)
Unit 3101, Trade and Financial Tower, 7th Avenue corner 32nd Street,
Fort Bonifacio, Global City, Taguig City, 1634

We have audited the financial statements of CASH-EXPRESS PHILIPPINES FINANCING INC. (the Company) as of and for the year ended December 31, 2025, on which we have rendered the attached report dated March 24, 2026.

In compliance with Revised Securities Regulation Code (SRC) Rule 68, we are stating that the said Company has a total number of two (2) stockholders owning one hundred (100) or more shares.

In compliance with Revenue Regulations V-20, we are stating that no partner of the Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

QUINSAY AND CO.
(Formerly: Quinsay, Radam and Co.)
TIN 007-894-264-000
BOA Accreditation No. 6006 effective until July 14, 2026
SEC Accreditation No. 6006-SEC (Group C) issued on November 9, 2021
valid to audit 2020 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-006419-000-2025 issued on March 7, 2025 effective until March 6, 2028

By:

JOSEPH E. QUINSAY
Partner
CPA Certificate No. 118911
PTR No. 10768017 issued on January 5, 2026 in Makati City
SEC Accreditation No. 118911-SEC (Group C) issued on July 30, 2021
valid to audit 2020 to 2025 financial statements of SEC covered institutions
TIN 304-239-540-000
BIR Accreditation No. 08-006419-001-2024 issued on January 10, 2024 effective until January 9, 2027

March 24, 2026
6264 Calle Estacion St., Pio del Pilar, Makati City

Quinsay and Co.
Certified Public Accountants
Surpassing Expectations

- Audit
- Tax
- Accounting
- Consulting

REPORT OF INDEPENDENT AUDITOR

To the Stockholders and Board of Directors
CASH-EXPRESS PHILIPPINES FINANCING INC.
Under the business style and name of Cash-ExpressAddress
(Formerly: Cashxpress South East Asia Lending Inc. doing business under CashXpress PH Lending)
Unit 3101, Trade and Financial Tower, 7th Avenue corner 32nd Street,
Fort Bonifacio, Global City, Taguig City, 1634

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CASH-EXPRESS PHILIPPINES FINANCING INC. (the Company), which comprise the statement of financial position as at December 31, 2025, and the statement of profit or loss and other comprehensive income, statement of changes in capital deficiency and statement of cash flows for the year then ended, and notes to financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 audit of the financial statements in the Philippines, the *Code of Ethics for Professional Accountants in the Philippines*, and we have fulfilled our other 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 opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements disclosing the Company has incurred a net loss of ₱50,681,968 and ₱183,243,950 in 2025 and 2024, respectively, that resulted to a capital deficiency of ₱303,688,134 and ₱253,006,166 for the year ended December 31, 2025 and 2024, respectively. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the management and stockholders of the Company have committed to provide full support to the Company to sustain its operations and meet its working capital requirements and obligations as they fall due in order for the Company to continue as a going concern. Further, the Company's plans to address the going concern uncertainty are discussed in Note 1 to the financial statements. We conducted sufficient audit procedures to verify the validity of the aforementioned commitment and plan. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended December 31, 2024, were audited by another auditor who expressed a modified opinion on those statements on May 29, 2025.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, 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 Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 audit. We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 audit.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required by the Bureau of Internal Revenue on taxes and licenses disclosed in notes to the financial statements is presented for purposes of additional analysis and is not a required part of financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

QUINSAY AND CO.
(Formerly: Quinsay, Radam and Co.)
TIN 007-894-264-000
BOA Accreditation No. 6006 effective until July 14, 2026
SEC Accreditation No. 6006-SEC (Group C) issued on November 9, 2021
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By:

JOSEPH E. QUINSAY
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March 24, 2026
6264 Calle Estacion St., Pio del Pilar, Makati City

CASH-EXPRESS PHILIPPINES FINANCING INC.
Under the business style and name of Cash-Express
(Formerly: Cashxpress South East Asia Lending Inc. doing business under CashXpress PH Lending)
STATEMENT OF FINANCIAL POSITION
As of December 31, 2025
(With Comparative Figures as of December 31, 2024)
(Amounts in Philippine Peso)

	Notes	**2025**	2024
ASSETS			
Current Assets			
Cash and cash equivalents	8	**53,242,816**	37,569,559
Loans and other receivables	9	**28,647,233**	942,094
Other current assets	10	**1,782,584**	1,015,619
Total Current Assets		**83,672,633**	39,527,272
Non-current Assets			
Property and equipment - net	11	**3,215,308**	3,447,246
Right-of-use-assets	18	**3,745,549**	736,666
Deferred tax assets - net	21	**70,905,326**	69,925,042
Other non-current assets	12	**2,440,016**	1,380,686
Total Non-current Assets		**80,306,199**	75,489,640
TOTAL ASSETS		**163,978,832**	115,016,912
LIABILITIES AND CAPITAL DEFICIENCY			
Current Liabilities			
Trade and other payables	13	**11,025,469**	15,815,109
Lease liabilities	18	**3,040,249**	788,922
Income tax payable	21	**5,188,987**	6,919,946
Total Current Liabilities		**19,254,705**	23,523,977
Non-current Liabilities			
Loans and interest payables	14	**422,288,828**	320,109,571
Lease liabilities	18	**788,922**	-
Retirement benefit liability	16	**944,981**	-
Other non-current liabilities	15	**24,389,530**	24,389,530
Total Non-current Liabilities		**448,412,261**	344,499,101
Total Liabilities		**467,666,966**	368,023,078
Capital Deficiency			
Share capital	17	**12,000,000**	12,000,000
Cumulative losses		**(315,688,134)**	(265,006,166)
Total Capital Deficiency		**(303,688,134)**	(253,006,166)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY		**163,978,832**	115,016,912

See notes to financial statements

CASH-EXPRESS PHILIPPINES FINANCING INC.
Under the business style and name of Cash-Express
(Formerly: Cashxpress South East Asia Lending Inc. doing business under CashXpress PH Lending)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended December 31, 2025
(With Comparative Figures for the Year Ended December 31, 2024)
(Amounts in Philippine Peso)

	Notes	**2025**	2024
REVENUES			
Interest income		**788,692,324**	875,833,685
Fines and other fees		**43,592,684**	42,344,651
		832,285,008	918,178,336
Less: COST OF SERVICE	19	**732,677,519**	786,746,396
GROSS PROFIT		**99,607,489**	131,431,940
Less: OPERATING EXPENSES	20	**105,562,226**	329,696,259
OPERATING LOSS		**(5,954,737)**	(198,264,319)
Add / Less: OTHER INCOME (CHARGES)			
Interest income - from cash in bank		**7,578**	5,306
Unrealized foreign exchange gain (loss)	14	**(35,503,994)**	(16,153,287)
Realized foreign exchange gain (loss)		**(5,022,112)**	(3,641,710)
		(40,518,528)	(19,789,691)
LOSS BEFORE INCOME TAX		**(46,473,265)**	(218,054,010)
Less: INCOME TAX EXPENSE (BENEFIT)	21	**4,208,703**	(34,810,060)
LOSS FOR THE YEAR		**(50,681,968)**	(183,243,950)
Add: OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE LOSS		**(50,681,968)**	(183,243,950)

LOSS PER SHARE			
Basic	24	**(42.23)**	(152.70)
Diluted	24	**(42.31)**	(152.70)

See notes to financial statements

CASH-EXPRESS PHILIPPINES FINANCING INC.
Under the business style and name of Cash-Express
(Formerly: Cashxpress South East Asia Lending Inc. doing business under CashXpress PH Lending)
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025
(With Comparative Figures for the Year Ended December 31, 2024)
(Amounts in Philippine Peso)

	Notes	**2025**	2024 (Re-stated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		**(50,681,968)**	(183,243,950)
Adjustments for:			
Income tax expense (benefit)	21	**4,208,703**	(34,810,060)
Depreciation and amortization	11,18	**4,538,039**	3,139,500
Provision for credit losses	9	**31,274,004**	263,703,242
Retirement benefits expense	16	**944,981**	-
Interest income		**(7,578)**	(5,306)
Interest expense	14,18	**5,334,000**	19,948,044
Loss on sale of receivables	9	**387,813,427**	501,596,153
Unrealized foreign currency loss		**35,503,994**	16,153,287
Operating income before working capital changes		**418,927,602**	586,480,910
(Increase) / Decrease in:			
Loans and other receivables		**(461,021,632)**	(682,859,685)
Other current assets		**(766,965)**	1,395,029
Increase / (Decrease) in:			
Trade and other payables		**(4,789,640)**	6,277,384
Cash (used in) operations		**(47,650,635)**	(88,706,362)
Interest received		**7,578**	5,306
Proceeds on sale of receivables		**14,229,061**	3,425,419
Interest paid		**(5,334,000)**	(19,948,044)
Income tax paid		**(6,919,946)**	(4,230,801)
Net cash (used in) operating activities		**(45,667,942)**	(109,454,482)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	11	**(1,322,105)**	(449,674)
Additions to other non-current assets		**(1,059,330)**	(366,236)
Net cash (used in) investing activities		**(2,381,435)**	(815,910)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	14	**151,634,133**	70,993,635
Repayments of loans and interest	14	**(84,958,870)**	-
Payments for lease liability - principal		**(2,952,629)**	(3,014,799)
Other non-current liability		**-**	24,389,530
Net cash provided by (used in) financing activities		**63,722,634**	92,368,366
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**15,673,257**	(17,902,026)
BEGINNING CASH AND CASH EQUIVALENTS		**37,569,559**	55,471,585
ENDING CASH AND CASH EQUIVALENTS	8	**53,242,816**	37,569,559

See notes to financial statements

CASH-EXPRESS PHILIPPINES FINANCING INC.
Under the business style and name of Cash-Express
(Formerly: Cashxpress South East Asia Lending Inc. doing business under CashXpress PH Lending)
STATEMENT OF CHANGES IN CAPITAL DEFICIENCY
For the Year Ended December 31, 2025
(With Comparative Figures for the Year Ended December 31, 2024)
(Amounts in Philippine Peso)

	Share Capital (Note 17)	**Cumulative Losses**	**Total Capital Deficiency**
Balance at January 1, 2025	12,000,000	(265,006,166)	(253,006,166)
Loss for the year	-	(50,681,968)	(50,681,968)
Balance at December 31, 2025	**12,000,000**	**(315,688,134)**	**(303,688,134)**
Balance at January 1, 2024	12,000,000	(81,762,216)	(69,762,216)
Loss for the year	-	(183,243,950)	(183,243,950)
Balance at December 31, 2024	**12,000,000**	**(265,006,166)**	**(253,006,166)**

See notes to financial statements

CASH-EXPRESS PHILIPPINES FINANCING INC.
Under the business style and name of Cash-Express
(Formerly: Cashxpress South East Asia Lending Inc. doing business under CashXpress PH Lending)
NOTES TO FINANCIAL STATEMENTS
As of and for Year Ended December 31, 2025
With Comparative Figures as of and for the Year Ended December 31, 2024
(Amounts in Philippine Peso)

1. CORPORATE INFORMATION

CASH-EXPRESS PHILIPPINES FINANCING INC. under the business style and name of "Cash-Express" (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. It is primarily engaged 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.

The principal office, which is also the registered office, is at Unit 3101, Trade and Financial Tower, 7th Avenue corner 32nd Street, Fort Bonifacio, Global City, Taguig City, 1634.

Status of Operations

The Company incurred a net loss of 50,681,968 and 183,243,950 in 2025 and 2024, respectively, resulting to a **capital deficiency** of 303,688,134 and 253,006,166 as of December 31, 2025 and 2024, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The management and stockholders have no plan to close or discontinue the operations of the Company. They have committed to provide full support to the Company to sustain its operations and meet its working capital requirements and obligations as they fall due in order for the Company to continue as a going concern. Also, the Company will continue to improve loan portfolio quality, collection efficiency, and lower operating expenses.

The financial statements do **not** include any adjustments relating to the recoverability and classification of recorded asset amounts and the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), approved by the Philippine Board of Accountancy, and adopted by SEC. PFRS Accounting Standards include all applicable PFRS, Philippine Accounting Standards, and Interpretations issued by the Philippine Interpretations Committee.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets. The measurement bases are more fully described in the material accounting policy information that follow.

The financial statements are presented in Philippine peso, the Company's presentation and functional currency and all values represent absolute amounts except when otherwise indicated. Functional currency is the currency of the primary economic environment in which an entity operates.

Current versus Non-current Classification

The Company presents assets and liabilities in the statements of financial position based on whether it is current and non-current 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 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities, respectively.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Financial Assets and Financial Liabilities

Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are measured at fair value through profit or loss (FVTPL) unless these are measured at fair value through other comprehensive income (FVOCI) or at amortized cost.

The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Company may reclassify its financial assets only when there is a change in its business model for managing these financial assets.

Business Model

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of "other" business model and measured at FVTPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.

Solely Payments of Principal and Interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPTL.

Financial Assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model financial assets whose contractual cash flows are **not** solely payments of principal and interest are accounted for at FVTPL. Also, **equity securities** are classified as financial assets at FVTPL, unless the Company designates an equity investment that is **not** held for trading at FVOCI at initial recognition.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial Assets at FVOCI

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

a. They are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
b. The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Financial Assets at Amortized Cost

Financial assets at amortized cost are debt financial assets that meet both of the following conditions:

a. These are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and
b. The contractual terms give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

After initial measurement, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in "Interest income" in the statement of profit or loss and other comprehensive income. Losses arising from credit losses are recognized in "Provision for impairment and credit losses" in the statement of profit or loss and other comprehensive income.

This accounting policy relates to the statement of financial position captions:

a. Cash and cash equivalents;
b. Loans and other receivables;
c. Other current assets (pre-funding);
d. Other non-current assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Impairment of Financial Assets

The Company assesses on a forward-looking basis the expected credit loss (ECL) associated with its financial assets carried at amortized cost and FVOCI. It recognizes a loss allowance for such losses at each reporting date.

a. *Overview of ECL Principles*

   The ECL allowance is based on the credit losses expected to arise on a 12-month duration if there has been no significant increase on credit risk (SICR) of the financial asset since origination. Otherwise, if a SICR is observed, then the ECL estimation is extended until the end of the life of the financial asset. The 12-month ECL represents the losses that result from default events on a financial asset which may happen within 12 months after the reporting date. The Lifetime ECL on the other hand represents the losses that result from default events on a financial asset which may happen over its life. Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

b. *Stage Migration and Significant Increase in Credit Risk*

   Financial instruments subject to the ECL methodology are categorized into three stages as summarized below:

   i. A financial instrument that is **not** credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Company.

ii. If a SICR since initial recognition is identified, the financial instrument is moved to “Stage 2” but is **not** yet deemed to be credit-impaired.

The Company considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:

The remaining Lifetime Probability of Default (PD) at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognized, so that it exceeds the relevant threshold.

Qualitative criteria:

If the borrower meets one or more of the following criteria:

- In short-term forbearance;
- Direct debit cancellation;
- Extension to the terms granted; or
- Previous arrears within the last 12 months.

Backstop:

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

iii. If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3”.

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments (with the sole exception of prime retail mortgages where a borrower is required to be more than 180 days past due to be considered in default).

Qualitative criteria:

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance;
- The borrower is deceased;
- The borrower is insolvent;
- The borrower is in breach of financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the lender relating to the borrower’s financial difficulty;

- It is becoming probable that the borrower will enter bankruptcy; or
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

iv. Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

c. *Purchased or originated credit-impaired (POCI) financial assets*

These are financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

d. *Measurement of ECL*

The ECL is measured on either a 12-month (12M) or lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the probability of default (PD), exposure-at-default (EAD), and loss-given-default (LGD), defined as follows:

i. The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
ii. EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
iii. LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

The 12M and lifetime EADs are determined based on the expected payment profile, which varies by product type.

The 12M and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

i. For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
ii. For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

The assumptions underlying the ECL calculation, are regularly monitored and reviewed. Forward-looking information shall also be considered in estimating/determining the 12-month and lifetime PD, EAD and LGD depending on the credit exposure.

Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

The Company's financial liabilities include:
a. Trade and other payables (excluding government remittance),
b. Loans and interest payables; and
c. Other non-current liabilities.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

All interest-related charges that are reported in profit or loss are included within interest expense.

Derecognition of Financial Assets and Financial Liabilities

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:
a. The Company transfers substantially all the risks and rewards of ownership; or
b. It neither transfers nor retains substantially all the risks and rewards of ownership and it has **not** retained control.

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is **not** contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy, and, must be legally enforceable for both entity and all counterparties to the financial instruments.

Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss.

Non-monetary items are **not** retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Other Current Assets

These are initially recorded at transaction cost and subsequently measured at cost less impairment loss, if any.

Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes the purchase price and other expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is **not** depreciated. Depreciation on other assets is charged so as to allocate cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

	Useful Life (in years)
Office equipment	3 to 5
Furniture and fixtures	3 to 5

The assets' residual values, useful lives and depreciation and amortization method are reviewed and adjusted if appropriate, at each financial year-end.

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

Impairment of Non-financial Assets

Assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset [or cash-generating unit (CGU) to which the asset has been allocated] is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Other Non-current Assets

These are initially recorded at transaction cost and subsequently measured at cost less impairment loss, if any.

Other Payables

Other Payables include government remittances. These are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest rate.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities and assets are **not** recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events **not** wholly within the control of the entity. Contingent liabilities, if any, are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are disclosed only when an inflow of economic benefits is probable.

Equity

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Share capital represents the par value of shares that have been issued at the end of the reporting period. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of any tax effects.

Cumulative losses include all current and prior period results as disclosed in the statement of profit or loss and other comprehensive income and statement of changes in capital deficiency. Prior period adjustments are accounted by restating the carrying amounts of the assets and liabilities at the beginning of the prior period and adjusting the opening balance of cumulative losses for the cumulative effect. Adjustments applicable to prior periods arise from changes in accounting policies or from the corrections of errors. These do **not** include normal recurring adjustments or corrections of accounting estimates made in prior periods.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a. Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
b. Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
c. Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

For financial instruments traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are **not** met, the market is regarded as being inactive. For all other financial instruments, fair value is determined using validation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments.

For non-financial assets, the Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

a. Market approach – A valuation technique that uses observable inputs, such as prices, broker quotes and other relevant information generated by market transactions involving identical or comparable assets or group of assets.
b. Income approach – A valuation technique that converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current mark expectations about those future amounts.
c. Cost approach – A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Revenue and Cost Recognition

Upon adoption of PFRS 15, revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

To determine whether to recognize revenue, the Company follows a five-step process:

a. Identifying the contract with a customer;
b. Identifying the performance obligation;
c. Determining the transaction price;
d. Allocating the transaction price to the performance obligations; and,
e. Recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

a. The parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
b. Each party's rights regarding the services to be performed can be identified;
c. The payment terms for the services to be performed can be identified;
d. The contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
e. Collection of the consideration in exchange of the services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

a. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
b. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
c. The Company's performance does **not** create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

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

a. Fines and other fees – This recognized as income based on agreed terms and conditions with customers, which are generally when the services have been performed.

Revenues **<u>outside</u>** the scope of PFRS 15:

a. Interest Income – It is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

   i. POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortized cost of the financial asset.
   ii. Financial assets that are **not** "POCI" but have subsequently become credit-impaired (or "Stage 3"), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e. net of the ECL provision).

b. Interest Income (from cash in bank) – This is recognized as the interest accrues taking into account the effective yield on the asset.

Cost and operating expenses are recognized in the statement of profit or loss and other comprehensive income when decrease in future economic benefits related to the decrease in an asset or an increase in liability has arisen and can be measured reliably. These are recognized in the period they are incurred and measured at the amount paid or payable.

Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. This is measured at undiscounted amount of short-term employee benefits expected to be paid in exchange for that service. Short-term benefits given by the Company to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

Long-term Benefits

The Company provides retirement benefits to entitled employees as mandated by law.

Retirement benefit expense is calculated using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Retirement benefit expense comprises service cost, interest on retirement benefit liability and re-measurement of retirement benefit liability. Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. Interest on the retirement benefit liability is the change during the period in the retirement benefit liability that arises from the passage of time which is determined by applying the discount rate with reference to a market yield of a government bond. Interest on the retirement benefit liability is recognized as expense in profit or loss.

The retirement benefit liability recognized is the present value of the retirement benefit obligation minus fair value of plan assets, if any, at the reporting date. The present value of the retirement benefit obligation is determined by discounting the estimated future payments.

Income Taxes

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 by the reporting date.

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

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

Deferred tax asset and liabilities, if any, are measured at the tax rates expected in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

a. Leases of low value assets; and
b. Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is **not** readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term.

Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

a. Amounts expected to be payable under any residual value guarantee;
b. The exercise price of any purchase option granted in favor of the Company if it is reasonable certain to assess that option; and
c. Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

a. Lease payments made at or before commencement of the lease;
b. Initial direct costs incurred; and
c. The amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

a. If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
b. In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; or
c. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognized in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease.

Related Party Disclosures

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This includes:

a. Individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company;
b. Associates;
c. Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and
d. Management entity that provides key management personnel services to the reporting entity, either directly or through a group entity

In considering each possible related party relationship, attention is directed to the substance of the relationship and **not** merely the legal form.

Earnings per Share

Basic earnings per share (EPS) is computed by dividing net income for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period after giving retroactive effect to stock dividends declared and stock rights exercised during the period, if any. Diluted EPS is calculated by dividing the aggregate of net income attributable to common shareholders by the weighted average number of common shares outstanding during the period adjusted for the effects of any dilutive shares.

Events After the End of the Reporting Period

Post-year-end events up to the date of the auditor's report that provide additional information about the Company's position at reporting date (adjusting events) are reflected in the financial statements. Post-year-end events that are **not** adjusting events are disclosed in the notes to financial statements when material.

Adoption of New and Amended PFRS Accounting Standards - Effective in 2025

In the current year, the Company has applied a number of amendments to PFRS Accounting Standards issued by the Philippine FSRSC that are mandatorily effective for an accounting period that begins on or after January 1, 2025. Their adoption has **not** had any material impact on the disclosures or on the amounts reported in these financial statements.

a. Amendments to PAS 21, Lack of Exchangeability (2023) – This amends PAS 21 to:
    i. Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
    ii. Specify how an entity determines the exchange rate to apply when a currency is **not** exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
    iii. Require the disclosure of additional information when a currency is **not** exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

New and Amended PFRS Accounting Standards - Effective Subsequent to 2025 but not Adopted Early

Standards issued but **not** yet effective up to the date of issuance of the Company's financial statements are listed below. This listing consists of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective and will assess the impact of these new standards on the financial statements upon adoption.

a. Amendments to PFRS 9 and PFRS 7, Amendments to the Classification and Measurement of Financial Instruments (2024) – These are the amendments:
    i. Derecognition of a financial liability settled through electronic transfer: The amendments to the application guidance of PFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.
    ii. Classification of financial assets:

- Contractual terms that are consistent with a basic lending arrangement. The amendments to the application guidance of PFRS 9 provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. To illustrate the changes to the application guidance, the amendments add examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Assets with non-recourse features. The amendments enhance the description of the term 'non-recourse'. Under the amendments, a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- Contractually linked instruments. The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments and provide an example. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

iii. Disclosures:
   - Investments in equity instruments designated at fair value through other comprehensive income. The requirements in PFRS 7 are amended for disclosures that an entity provides in respect of these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognized in the period and the fair value gain or loss that relates to investments held at the end of the period.
   - Contractual terms that could change the timing or amount of contractual cash flows. The amendments require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortized cost or fair value through other comprehensive income and each class of financial liability measured at amortized cost.

This applies to annual reporting periods beginning on or after January 1, 2026.

b. Amendments to PFRS 9 and PFRS 7, Contracts Referencing Nature-dependent Electricity (2025) – These are the amendments:
   i. The own-use requirements in PFRS 9 are amended to include the factors an entity is required to consider when applying PFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent.
   ii. The hedge accounting requirements in PFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument
      - To designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and
      - To measure the hedged item using the same volume assumptions as those used for the hedging instrument.

iii. PFRS 7 is amended to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

c. Annual Improvements to PFRS Accounting Standards - Volume 11 (2024) – This includes clarifications, simplifications, corrections and changes in the following areas:
   i. Hedge accounting by a first-time adopter (PFRS 1)
   ii. Gain or loss on derecognition (PFRS 7)
   iii. Disclosure of deferred difference between fair value and transaction price (PFRS 7)
   iv. Introduction and credit risk disclosures (PFRS 7)
   v. Lessee derecognition of lease liabilities (PFRS 9)
   vi. Transaction price (PFRS 9)
   vii. Determination of a 'de facto agent' (PFRS 10)
   viii. Cost method (PAS 7)

   This applies to annual reporting periods beginning on or after January 1, 2026.

d. PFRS 17, Insurance Contracts (2018). This new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. PFRS 17 supersedes PFRS 4 'Insurance Contracts' and related interpretations. This applies to annual reporting periods beginning on or after January 1, 2027.

e. Amendments to PFRS 17, Insurance Contracts (2020). The main changes are:
   i. Deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after 1 January 2023 and change the fixed expiry date for the temporary exemption in PFRS 4 Insurance Contracts from applying PFRS 9 Financial Instruments, so that entities would be required to apply PFRS 9 for annual periods beginning on or after 1 January 2023;
   ii. Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk;
   iii. Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination;
   iv. Clarification of the application of PFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level;
   v. Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements;
   vi. Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives;
   vii. Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held;
   viii. Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts;

ix. Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach;
x. Several small amendments regarding minor application issues.

This applies to annual reporting periods beginning on or after January 1, 2027.

f. Amendment to PFRS 17, Initial Application of PFRS 17 and PFRS 9 – Comparative Information (2021). This a narrow-scope amendment to the transition requirements of PFRS 17 for entities that first apply PFRS 17 and PFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of PFRS 17 and PFRS 9, but where this information has not been restated for PFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of PFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of PFRS 9. This applies to annual reporting periods beginning on or after January 1, 2027.

g. PFRS 18, Presentation and Disclosure in Financial Statements (2024) – The main changes in the new standard compared with the previous requirements in PAS 1 comprise:
   i. The introduction of **categories** and defined **subtotals** in the statement of profit or loss that aim at additional relevant information and provide a structure for the statement of profit or loss that is more comparable between entities. In particular:
      - Items of income and expense are required to be classified into categories in the statement of profit or loss:
        - Operating
        - Investing
        - Financing
        - Income tax
        - Discontinued operations

        Classification differs in some cases for entities that, as a main business activity, provide financing to customers or invest on assets.
      - Entities are required to present the following subtotals:
        - operating profit or loss
        - profit or loss before financing and income tax
        - profit or loss

        These subtotals structure the statement of profit or loss into categories, with no requirement to present category headings.
      - The line items listed in PFRS 18 are required to be presented unless doing so reduces how effective the statement of profit or loss is in providing a useful structured summary of the entity's income and expenses.

   ii. The introduction of requirements to improve **aggregation** and **disaggregation** that aim at additional relevant information and ensure that material information is not obscured. In particular:
      - PFRS 18 provides guidance on whether information should be in the primary financial statements (whose role is to provide a useful structured summary) or in the notes.
      - Entities are required to identify assets, liabilities, equity, income and expenses that arise from individual transactions or other events, and to classify them into groups

based on shared characteristics, resulting in line items in the primary financial statements that share at least one characteristic. These groups are then separated based on further dissimilar characteristics, resulting in the separate disclosure of material items in the notes. There may be a need to aggregate immaterial items with dissimilar characteristics to avoid obscuring relevant information. Entities should use a descriptive label or, if that is not possible, provide information in the notes about the composition of such aggregated items.
    - Stricter guidance is introduced on whether the analysis of operating expenses is by nature or by function. The presentation should be in a way that provides the most useful structured summary of operating expenses by considering several factors. Presentation of one or more-line items for operating expenses classified by function requires disclosure of amounts for five specified expenses, e.g. depreciation.

  iii. The introduction of disclosures on **Management-defined Performance Measures** (MPMs) in the notes to the financial statements that aim at transparency and discipline in the use of such measures and disclosures in a single location. In particular:
    - MPMs are defined as subtotals of income and expenses that are used in public communications with users of financial statements outside the financial statements, complement totals or subtotals included in PFRSs, and communicate management's view of an aspect of an entity's financial performance.
    - Accompanying disclosures are required to be provided in a single note including:
      - A description of why the MPM provides management's view of performance
      - A description of how the MPM has been calculated
      - A description of how the measure provides useful information about an entity's financial performance
      - A reconciliation of the MPM to the most directly comparable subtotal or total specified by PFRSs
      - A statement that the MPM provides management's view of an aspect of the entity's financial performance
      - The effect of tax and non-controlling interests separately for each of the differences between the MPM and the most directly comparable subtotal or total specified by PFRSs
      - In cases of a change in how the MPM is calculated, an explanation of the reasons for and the effect of the change

  This applies to annual reporting periods beginning on or after January 1, 2027.

h. PFRS 19, Subsidiaries without Public Accountability (2024) – This permits a subsidiary to provide reduced disclosures when applying PFRS Accounting Standards in its financial statements. PFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. This applies to annual reporting periods beginning on or after January 1, 2027.

4. MANAGEMENT'S SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in compliance with PFRS Accounting Standards requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

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

Determining Functional Currency

PAS 21 requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity.

In making this judgment, the Company considers the currency:

a. That mainly influences prices for financial instruments and services (this will often be the currency in which prices for its financial instruments and services are denominated and settled);
b. In which funds from financing activities are generated; and
c. In which receipts from operating activities are usually retained.

Credit Losses on Financial Assets

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of borrowers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

a. Determining criteria for significant increase in credit risk;
b. Choosing appropriate models and assumptions for the measurement of ECL;
c. Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and the associated ECL; and
d. Establishing groups of similar financial assets for the purposes of measuring ECL.

Retirement Benefit Liability

The retirement benefit liability is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, and employee turnover. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. The discount rate is based on zero-coupon yield of government bonds with remaining maturity approximating the estimated average duration of benefit payment. Future salary increases were based on the Company's policy taking into account the prevailing inflation rate. The mortality rate used is based on publicly available mortality table modified accordingly with estimates of mortality improvements. The employee turnover is based on the Company's most recent experience.

Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract, for new lease contracts. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset, credit risk of the Company and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

Estimation of Useful Lives of Property and Equipment and Right-of-use Assets

The Company estimates the useful lives of property and equipment and right-of-use assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and right-of-use assets 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 assets.

Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized will be fully utilized in the coming years.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. This mainly includes risk of non-payment by customers of their outstanding loan account balance, and counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as follows:

	2025	2024
Cash and cash equivalents (Note 8)	**53,242,816**	37,569,559
Loans and other receivables (Note 9)	**28,647,233**	942,094
Other current assets (Note 10)	**18,300**	-
Other non-current assets (Note 12)	**2,440,016**	1,380,686
	84,348,365	39,892,339

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Its policy is to deal only with credit worthy counterparties.

Below is the aging of loan receivables:

	2025			
	Current	**Past due but not impaired**	**Past due and impaired**	**Total**
Loan receivables* (Note 9)	**14,918,643**	**24,983,231**	**271,149,157**	**311,051,030**

**Gross of allowance for credit loss*

2024

	Current	Past due but not impaired	Past due and impaired	Total
Loan receivables* (Note 9)	942,094	-	263,109,979	264,052,073

Loan receivables are unsecured.

Below is the aging of past due but **not** impaired, and past due and impaired loan receivables:

	2025		
	Past due but not impaired (1 to 90 days)	**Past due and impaired (Over 90 days)**	**Total**
Loans and other receivables	**24,983,231**	**271,149,157**	**69,901,873**

**Gross of allowance for credit losses.*

	2025		
	Past due but not impaired (1 to 90 days)	Past due and impaired (Over 90 days)	Total
Loans and other receivables	-	263,109,979	263,109,979

**Gross of allowance for credit losses.*

The Company **does not** identify specific concentrations of credit risk as the amounts recognized resemble a large number of loans and receivables from various borrowers.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at their fair values, counter-party failing on repayment of contractual obligation, or inability to generate cash inflows as anticipated.

The Company manages the liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury control and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary in accordance with internal policies.

As at December 31, 2025 and 2024, the Company's financial liabilities have contractual maturities which are presented below.

	2025	
	Within One Year	**More Than One Year**
Trade and other payables (Note 13)	**1,040,523**	**-**
Loans and interest payables (Note 14)	**-**	**422,288,828**
Other non-current liabilities (Note 15)	**-**	**24,389,530**
	1,040,523	**446,678,358**

	2024	
	Within One Year	More Than One Year
Trade and other payables (Note 13)	1,648,755	-
Loans and interest payables (Note 14)	-	320,109,571
Other non-current liabilities (Note 15)	-	24,389,530

	1,648,755	344,499,101

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting dates.

Market Risk

Market risk is the risk that changes in market prices, brought about by changes in interest rates, for instance, will affect Company's income. The objective of market risk management is to manage and control risk exposures within acceptable parameters, while optimizing the return on risk. The Company is not exposed to this risk as its loans and receivables bear fixed interest rate.

6. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt. It monitors capital using the debt-to-equity ratio, as follows:

	2025	2024
Total liabilities	**467,430,720**	361,103,132
Total equity	**(303,451,888)**	(223,811,196)
Debt-to-equity ratio	**(1.54):1.00**	(1.44):1.00

The Company has complied with the 10,000,000 minimum capital requirements of a financing company (2024: Complied).

7. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the statements of financial position are shown below.

		2025		2024	
	Note	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial assets at amortized cost:					
Cash and cash equivalents	8	**53,242,816**	**53,242,816**	37,569,559	37,569,559
Loans and other receivables	9	**28,647,233**	**28,647,233**	942,094	942,094
Other current assets	10	**18,300**	**18,300**	-	-
Other non-current assets	12	**2,440,016**	**2,440,016**	1,380,686	1,380,686
		84,348,365	**84,348,365**	39,892,339	39,892,339
Financial liabilities at amortized cost:					
Trade and other payables	13	**1,040,523**	**1,040,523**	1,648,755	1,648,755
Loans and interest payables	14	**422,288,828**	**422,288,828**	320,109,571	320,109,571
Other non-current liabilities	15	**24,389,530**	**24,389,530**	24,389,530	24,389,530
		447,718,881	**447,718,881**	346,147,856	346,147,856

The methods and assumptions used by the Company in estimating the fair values of the financial instruments are:

a. Cash and cash equivalents –These financial assets have a maturity of up to one year, thus their fair values approximate their carrying amounts.
b. Loan and other receivables - Estimated fair value represents the discounted amount of estimated future cash flows expected to be collected. Expected cash flows are discounted at current market rate to determine fair value.
c. Other current assets – These financial assets have a collectibility of one year, thus their fair values approximate their carrying amounts.
d. Trade and other payables – These financial liabilities have a maturity of one year, thus their fair values approximate their carrying amounts.
e. Loans and interest payables - Estimated fair value represents the discounted amount of estimated future cash flows expected to be paid. Expected cash flows are discounted at current market rate to determine fair value.
f. Other non-current liabilities – Estimated fair value represents the discounted amount of estimated future cash flows expected to be paid. Expected cash flows are discounted at current market rate to determine fair value.

The Company's financial assets and financial liabilities all fall under the Level 2 category of the fair value hierarchy as at December 31, 2025 and 2024. There were no transfers between Level 1 and Level 2 during the years ended December 31, 2025 and 2024.

8. CASH AND CASH EQUIVALENTS

This account consists of:

	2025	2024
Cash on hand	**10,000**	-
Cash in bank	**53,232,816**	37,569,559
	53,242,816	37,569,559

Cash in bank represents current account in a reputable local bank. Current account deposits earn interest at the respective bank deposit. Cash and cash equivalents held by the Company are available for use.

9. LOANS AND OTHER RECEIVABLES

This account consists of:

	2025	2024
Loan receivables	**311,051,030**	263,135,502
Advances to employees	**97,620**	15,766
Other receivables	**1,119,885**	900,805
	312,268,535	264,052,073
Allowance for impairment and credit loss:		
Loan receivables	**(283,621,302)**	(263,109,979)
	28,647,233	942,094

Loan receivables have a term of 7 days to 6 months (2024: 7 days to 6 months) and carry monthly nominal interest rates of 45.0% to 59.7% (2024: 45.0% to 59.7%).

The Company sold loan receivables with carrying amount of 402,042,488 (2024: 505,021,572) at a loss of 387,813,427 (2024: 501,596,153)

The Company has provision for impairment and credit losses recognized in the profit or loss during the year amounted to 31,274,004 (2024: 263,703,242).

There is no provision for impairment and credit loss recognized or reversed in the profit or loss (2024: Nil).

Movements on the allowance for impairment and credit losses is shown below:

	2025	2024
Beginning	**263,109,979**	78,163,814
Impairment and credit losses during the year	**31,274,004**	263,703,242
Reversal (sale of receivables)	**(10,762,681)**	(78,757,077)
Ending	**283,621,302**	263,109,979

The reconciliation of carrying amount and allowance for impairment and credit losses per stage follows:

2025

	Stage 1 (12-month ECL)	**Stage 2** (Lifetime ECL)	**Stage 3** (Lifetime ECL	**Purchased credit-impaired**	**Total**
Loans receivables:					
Gross carrying amount	14,918,643	24,983,231	271,149,157	-	311,051,030
Allowance for credit losses	(1,527,516)	(10,944,629)	(271,149,157)	-	(283,621,302)
Carrying amount	**13,391,127**	**14,038,602**	**-**	**-**	**27,429,728**

2024

	Stage 1 (12-month ECL)	**Stage 2** (Lifetime ECL)	**Stage 3** (Lifetime ECL	**Purchased credit-impaired**	**Total**
Loans receivables:					
Gross carrying amount	-	-	263,135,502	-	263,135,502
Allowance for credit losses	-	-	(263,109,979)	-	(263,109,979)
Carrying amount	-	-	25,523		25,523

10. OTHER CURRENT ASSETS

This account consists of:

	2025	2024
Prepayments	**1,764,284**	997,319
Loan prefunding	**18,300**	18,300
	1,782,584	1,015,619

11. PROPERTY AND EQUIPMENT

Below is the movement of property and equipment:

2025

	Office equipment	Furniture and equipment	Total
Cost			
At January 1, 2025	6,085,545	1,424,989	7,510,534
Additions	1,127,715	194,390	1,322,105
At December 31, 2025	7,213,260	1,619,379	8,832,639
Accumulated depreciation and impairment			
At January 1, 2025	3,589,832	473,456	4,063,288
Annual depreciation	1,204,882	349,161	1,554,043
At December 31, 2025	4,794,714	822,617	5,617,331
Carrying amount			
At January 1, 2025	2,495,713	951,533	3,447,246
At December 31, 2025	**2,418,546**	**796,762**	**3,215,308**

2024

	Office equipment	Furniture and equipment	Total
Cost			
At January 1, 2024	5,856,595	1,204,265	7,060,860
Additions	228,950	220,724	449,674
At December 31, 2024	6,085,545	1,424,989	7,510,534
Accumulated depreciation and impairment			
At January 1, 2024	3,423,483	446,968	3,870,451
Annual depreciation	166,349	26,488	192,837
At December 31, 2024	3,589,832	473,456	4,063,288
Carrying amount			
At January 1, 2024	2,433,112	757,297	3,190,409
At December 31, 2024	2,495,713	951,533	3,447,246

There is no property and equipment that serves as collateral (2024: Nil). There are no contractual commitments for the acquisition of property and equipment (2024: Nil). There is no impairment loss recognized or reversed in the profit or loss (2024: Nil).

12. OTHER NON-CURRENT ASSETS

This account consists of:

	2025	2024
Other receivables	**366,236**	366,236
Security deposits	**2,073,780**	1,014,450
	2,440,016	1,380,686

13. TRADE AND OTHER PAYABLES

This account consists of:

	2025	2024
Due to government agencies	**11,025,469**	14,166,354
Accrued expenses	**1,040,523**	1,648,755
	9,984,946	15,815,109

Due to government agencies include SSS payables, HDMF payables, PHIC payables, percentage tax payables, withholding taxes and other taxes payables to government agencies.

Accrued expenses represent expenses incurred for the period, but not yet paid as of reporting date. These include accrued professional fees, interest and other expenses.

14. LOANS AND INTEREST PAYABLE

Below is the movement of the loans and interest payable:

	2025	2024
At January 1	**320,109,571**	232,962,649
Additions and adjustment	**151,634,133**	70,993,635
Payments	**(84,958,870)**	-
Unrealized foreign exchange loss	**35,503,994**	16,153,287
	422,288,828	320,109,571

Loan payables are unsecured, bear interest at agreed rate, and payable beyond one year. The Company makes annual payments for principal and interest.

Related interest expense is 5,099,333 (2024: 19,801,252).

Below are the changes in loans and interest payable arising from financing activities:

	2025	2024
At January 1	**320,109,571**	232,962,649
Cash flow	**66,675,263**	70,993,635
Non-cash changes	**35,503,994**	16,153,287
At December 31	**422,288,828**	320,109,571

15. OTHER NON-CURRENT LIABILITIES

This account consists of:

	2025	2024
Advances from third party	**24,389,530**	24,389,530

This is payable beyond one year, unsecured, bears no interest account, and be settled in cash.

16. RETIREMENT BENEFIT

The Company recognizes retirement benefit for its employees based on the provision of R.A. No. 7641 – Retirement Pay Law. Pursuant to the provisions, a covered employee who retires shall be entitled to retirement pay equivalent to at least 77.50% of monthly salary for every year of service, a fraction of at least six months being considered as one whole year. A covered employee is one who has reached at least five (5) years of service to the Company and is at least 60 years old at the time of retirement.

The Company has **not** engaged any actuary to obtain an actuarial report to determine the present value of the retirement benefit liability.

The Company has no existing plan assets at the end of the year.

The following are the amounts recognized in the financial statements based on computation of the Company using projected unit credit method as at December 31, 2025 and 2024.

a. Details of the retirement benefit expense recognized in the profit or loss follow:

	2025	2024
Current service cost	**325,604**	-
Interest cost	**24,1766**	-
Past service cost	**377,501**	-
	944,981	**-**

b. The retirement benefit liability recognized in the statement of financial position as at December 31, 2025 and 2024 follows:

	2025	2024
Present value of defined benefit obligation	**944,981**	-
Fair value of plan assets	-	-
	944,981	**-**

c. The movement in retirement benefit liability is as follows:

	2025	2024
Balance at January 1	-	-
Current service cost	**325,604**	-
Interest cost	**24,1766**	-
Past service cost	**377,501**	-
Benefits paid	-	-
Balance at December 31	**944,981**	**-**

d. The key assumptions used as at the statement of financial position date follow:

	2025	2024
Discount rate	**6.40%**	-
Average increase in salary rate	**3%**	-
Average expected future service years	**27**	-
Employee turnover rate	**15%**	-

e. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant assumptions, holding other assumptions constant, would have affected the retirement benefit liability by the amounts shown below.

	2025	2024
Discount rate + 0.5%	**(80,719)**	-
Discount rate – 0.5%	**89,610**	-
Salary rate + 0.5%	**92,263**	-
Salary rate – 0.5%	**(83,632)**	-
Employee turnover rate + 0.5%	**(112,995)**	-
Employee turnover rate - 0.5%	**100,317**	-

17. SHARE CAPITAL

Details of the account are as follow:

	Number of shares issued and fully paid	Number of shares issued but not fully paid	Ordinary shares (in Philippine Peso)	Total (in Philippine Peso)
At January 1, 2024	1,200,000	-	12,000,000	12,000,000
At December 31, 2024	1,200,000	-	12,000,000	12,000,000
At December 31, 2025	**1,200,000**	**-**	**12,000,000**	**12,000,000**

The Company is authorized to issue 1,500,000 shares (2024: 1,500,000 shares) of common stock at P10 (2024: P10). All issued shares are fully paid and have equal rights to vote at general meetings and receive dividends.

There are no shares in the Company held by the Company and shares reserved for issue under options and contracts for the sale of shares (2024: Nil).

18. LEASES

Right-of-use asset and lease liability

The Company entered into lease agreement for its office space and parking for a period of two (2) years that has commenced on April 1, 2025 and will expire on March 31, 2027. The contract may be renewed at the option of the lessor.

The movement of right-of-use assets for the building is as follows:

	2025	2024
At January 1, 2025	**736,666**	3,683,329
Additions	**5,992,878**	-
Amortization	**(2,983,995)**	(2,946,663)
At December 31, 2025	**3,745,549**	736,666

The movement of lease liabilities is as follows:

	2025	2024
At January 1, 2025	**788,922**	3,803,721
Additions	**5,992,878**	-
Interest expense	**234,667**	146,792
Lease payments	**(3,187,296)**	(3,161,591)
At December 31, 2025	**3,829,171**	788,922

The incremental borrowing rate used on the computation of lease liability is 6.0% (2024: 6.0%).

Below is the maturity schedule of lease liabilities (undiscounted lease payments):

	2025	2024
Up to 1 year	**3,187,296**	796,824
More than 1 year to 2 years	**796,824**	**-**
	3,984,120	796,824

Presented below are the other disclosure requirements:

	2025	2024
Short-term lease expense	**333,236**	80,325

Below are the changes in lease liabilities arising from financing activities:

	2025	2024
At January 1	**788,922**	3,803,721
Cash flow	**(2,952,629)**	(3,014,799)
Non-cash changes	**5,992,878**	-
At December 31	**3,829,171**	788,922

19. COST OF SERVICE

This account consists of:

	2025	2024
Loss on sale of receivables (Note 9)	**387,813,427**	501,596,153
Marketing expenses	**161,026,660**	156,609,214
Postage, telephone and communication	**47,684,638**	7,752,242
Salaries and other benefits	**32,920,908**	28,373,535
Information technology (IT) services	**31,451,749**	18,877,050
Verification services	**27,573,090**	26,067,728
Payment provider	**14,105,281**	11,512,004
Taxes and licenses (Note 26)	**8,965,948**	8,092,192

Incentives	**8,833,683**	4,305,028
Interest expense (Note 14)	**5,099,333**	19,801,252
SSS, HDMF and PHIC contributions	**3,022,545**	2,456,835
Maintenance and aircon dues	**1,629,824**	515,200
Depreciation expense	**1,516,725**	181,063
Utilities expense	**832,847**	531,654
Rental (Note 18)	**200,861**	-
Bank service charge	**-**	75,246
	732,677,519	786,746,396

20. OPERATING EXPENSES

This account consists of:

	2025	2024
Taxes and licenses (Note 26)	**43,897,745**	46,530,863
Provision for impairment and credit	**31,274,004**	263,703,242
Repairs and maintenance	**6,492,235**	362,560
Salaries and other benefits	**6,429,801**	2,858,383
Representation and entertainment	**3,398,325**	1,793,288
Depreciation (Note 11 and 18)	**3,021,314**	2,958,437
Debt collection fee	**2,053,620**	4,378,815
Professional fees	**2,029,176**	1,221,466
Licenses and subscriptions	**2,013,221**	836,270
Transportation and courier	**1,116,357**	799,877
Retirement benefit expense	**944,981**	-
Contracted services	**722,479**	2,130,010
Miscellaneous	**481,915**	849,673
Bank service charge	**452,966**	260,756
Office supplies	**339,815**	284,616
Interest expense - lease liability (Note 18)	**234,667**	146,792
SSS, HDMF and PHIC contributions	**218,945**	108,235
Janitorial	**202,800**	-
Rental expense (Note 18)	**132,375**	80,325
Filing fees	**99,885**	-
Training and seminars	**5,600**	20,079
Fines and penalties	**-**	62,000
Insurance expense	**-**	2,457
Postage, telephone and communication	**-**	24,988
Utilities expense	**-**	283,127
	105,562,226	329,696,259

21. INCOME TAX

Details of the account are as follow:

	2025	2024
Current		
Current tax on profit for the year	**5,188,987**	11,150,747
Deferred tax:		
Origination and reversal of temporary differences	**(980,284)**	(45,960,807)
Income tax expense (benefit)	**4,208,703**	(34,810,060)

The reconciliation of income tax computed at statutory tax rate based on pretax income to actual provision for income tax follows:

	2025	2024
Financial income (loss) before tax	**(46,473,265)**	(218,054,010)
Permanent / Temporary differences:		
Provision for credit losses	**31,274,004**	263,703,242
Depreciation of right-of-use asset	**2,983,995**	2,946,663
Interest expense on lease liability	**234,667**	146,792
Retirement expense	**944,981**	
Fines and penalties	**-**	62,000
Unrealized foreign exchange loss	**35,503,994**	16,153,287
Rental expense paid	**(3,704,852)**	(2,776,950)
Income subjected to final tax	**(7,578)**	(5,306)
NOLCO	**-**	(17,572,730)
Taxable income	**20,755,946**	44,602,988
Tax rate	**25%**	25%
Current income tax expense	**5,188,987**	11,150,747
Effective income tax rate	**(11.17%)**	(5.11%)

The Company is subject to minimum corporate income tax (MCIT). Below is the computation:

Particulars	2025	2024
Gross profit	**99,607,489**	131,431,940
Tax rate	**2%**	2%
	1,992,150	2,628,639

The MCIT will be paid at the end of the year whenever the regular corporate income tax is lower than the MCIT. Any MCIT paid can be applied against the regular corporate income tax within the next three years after the year it was paid.

The Company opted to claim itemized deductions for tax purpose. Below is the computation of income tax payable:

	2025	2024
Current tax on profit for the year or MCIT, whichever is higher	**5,188,987**	11,150,747
Prior year excess MCIT	**-**	(4,230,801)
	5,188,987	6,919,946

Deferred tax assets and deferred tax liabilities

The movements of the deferred tax assets are as follows:

	Allowance for credit losses	Depreciation on ROU asset	Interest on lease liability	Total
At January 1, 2025	65,777,496	736,666	66,796	66,580,958
Credited to profit or loss	5,127,830	-	-	5,127,830
Charged to profit or loss	-	(736,666)	(66,796)	(803,462)
At December 31, 2025	**70,905,326**	**-**	**-**	**70,905,326**

The movements of the deferred tax liabilities are as follows:

	Rental expense paid	Unrealized foreign exchange gain	Total
At January 1, 2025	694,238	4,038,322	4,732,560
Credited to profit or loss	-	-	
Charged to profit or loss	(694,238)	(4,038,322)	(4,732,560)
At December 31, 2025	**-**	**-**	**-**

22. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

Related Parties	Transactions	Amount		Balance as at December 31	
		2025	2024	**2025**	2024
Under common control	Loans and interest payables	**151,634,133**	47,469,032	**422,288,828**	272,747,456
Stockholder	Loans and interest payables	-	751,263	**-**	8,435,488

The total compensation of the Board of Directors and other key management personnel was 10,246,981(2024: 3,613,636) broken down as follows:

	2025	2024
Short-term employee benefits	**10,246,981**	3,613,636

23. COMMITMENTS AND CONTINGENCIES

There are no commitments and pending legal cases that may have material effects on the Company's financial statements.

24. LOSS PER SHARE

Loss per share amounts are computed as follows:

	2025	2024
Net income (loss) attributable to Company's shareholders	**(50,445,722)**	(183,243,950)
Divided by weighted average of outstanding common shares	**1,200,000**	1,200,000
Basic	**(42.04)**	(152.70)
Diluted	**(42.04)**	(152.70)

There were no outstanding convertible preferred shares and bonds or other stock equivalents that may be considered as potential dilutive common shares (2024: Nil).

25. EVENTS AFTER THE END OF THE REPORTING PERIOD

a. Date of authorization for issue

The financial statements of the Company were authorized for issue by the Board of Directors (BOD) on March 24, 2026. The BOD has the power to amend the financial statements after issue.

b. There is no other non-adjusting event after the end of the reporting period.

26. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Presented below is the supplementary information which is required by the BIR under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

Requirements under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 issued on November 25, 2010 are as follows:

a. The Company is a non-VAT registered company engaged in the financing business and paid the amount of 41,614,250 as percentage tax.

b. The documentary stamp tax paid / accrued for loan instruments is 8,948,682.

c. Other taxes and licenses totaling 2,283,495 includes payment for business taxes and permits, case filing fees, SEC and BIR related.

d. The amount of withholding taxes paid/accrued for the year amounted to:

	2025
Tax on compensation and benefits	4,083,323
Creditable withholding taxes	1,416,944
	5,500,267

e. The Company has on-going audit for taxable year 2023.

Requirements under RR 34-2020 (no need to disclose if required to file form 1709)

The Company is **not** covered by the requirements and procedures for related party transactions provided under this RR.

CASH-EXPRESS PHILIPPINES FINANCING INC.
Under the business style and name of Cash-Express
(Formerly: Cashxpress South East Asia Lending Inc. doing business under CashXpress PH Lending)
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
As of December 31, 2025 and 2024

Ratios or Percentages	Formula	**2025 (Current year)**	2024 (Prior year)
a. Current ratios	Current assets / current liabilities	**4.35**	1.68
b. Acid test ratio	Cash and cash equivalent + current receivables + short-term investments / current liabilities	**4.25**	1.64
c. Solvency ratio	Total liabilities / total assets	**2.85**	3.20
d. Debt-to-equity ratios	Total liabilities / equity	**-1.54**	-1.45
e. Asset-to-equity ratios	Total assets / equity	**-0.54**	-0.45
f. Interest rate coverage ratios	Earnings before interest and taxes / interest expense)	**-7.71**	-9.93
g. Net profit margin	Net income / revenue	**-6.09%**	-19.96%
h. Return on equity	Net income / equity	**16.69%**	72.43%
i. Return on assets	Net income / total assets	**-30.91%**	-159.32%

CASH-EXPRESS PHILIPPINES FINANCING INC.

Under the business style and name of Cash-Express

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SCHEDULE FOR FINANCING COMPANIES

As of December 31, 2025 and 2024

Ratios or Percentages	**2025**	2024
	(Current year)	(Prior year)
a. Ratio or percentage of total real estate investments to total assets	**0.00%**	0.00%
b. Total receivables to total assets	**17.47%**	0.82%
c. Total DOSRI receivables to networth	**0.00%**	0.00%
d. Total amount of receivables from single corporation to total receivables	**0%**	0%