COVER SHEET

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S.E.C. Registration Number

FERRONOUX HOLDINGS, INC.

(Company's Full Name)

15TH FLOOR, JOLLIBEE TOWER F. ORTIGAS JR. ROAD AND GARNET ROAD, ORTIGAS CENTER, SAN ANTONIO, PASIG CITY

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

Phil Ivan A. Chan	+(632)8779 6540
Contact Person	Company Telephone Number

0 9	3 0	SEC FORM 17-Q	Last Friday of June
Month	*Day*	FORM TYPE	*Month* *Day* Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

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

1. For the three-month period ending **September 30, 2025**

2. SEC Identification Number **A200115151** 3. BIR Tax Identification No. **219-045-668**

4. Exact name of issuer as specified in its charter **FERRONOUX HOLDINGS, INC.**

5. **Metro Manila, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **15th Floor, Jollibee Tower, F. Ortigas Jr. Road and Garnet Road, Ortigas Center, San Antonio, Pasig City**
   Address of principal office

   1605
   Postal Code

8. **+(632)8779 6540**
   Issuer's telephone number, including area code

9. **6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code (**SRC**), or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**341,824,002**

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

    Yes [**X**] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange	**Common Shares**

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months:

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. Summary Financial Information

The interim financial statements of Ferronoux Holdings, Inc. (**FERRO** or the **Company**) as at September 30, 2025, with comparative audited figures as at December 31, 2024 and for the nine-month periods ending September 30, 2025 and 2024, were prepared in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation.

The summary of Income Statements for the nine-month periods ending September 30, 2025 and 2024 are as follows:

For the nine-month periods ending September 30			Amount Increase (Decrease)	Percentage Increase (Decrease)
	2025	2024		
	(₱'000)	(₱'000)	(₱'000)	(%)
Interest Income	1,679	2,456	(777)	(32%)
Operating Expenses	2,095	1,200	895	75%
Income before Tax	(416)	1,256	(1,672)	(133%)
Tax Expense	(104)	316	(420)	(133%)
Net Income for the Period	(312)	940	(1,252)	(133%)

The Summary of Balance Sheet as at September 30, 2025 and December 31, 2024 are as follows:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)	September 30, 2025 vs. December 31, 2024	
			Amount Increase (Decrease)	Percentage Increase (Decrease)
	(₱'000)	(₱'000)	(₱'000)	(%)
Current Assets	175,907	157,398	18,509	12%
Noncurrent Assets	–	–	–	–
Total Assets	175,907	157,398	18,509	12%
Current Liabilities	16,749	17,014	(265)	(2%)
Noncurrent Liabilities	–	114	(114)	(100%)
Total Liabilities	16,749	17,128	(379)	(2%)
Stockholders' Equity	159,158	140,270	18,888	13%
Total Liabilities and Stockholders' Equity	175,907	157,398	18,509	12%

The Summary of Statements of Cash Flows for the nine-month periods ending September 30, 2025 and 2024 are as follows:

	For the nine-month periods ending September 30		Amount Increase (Decrease)	Percentage Increase (Decrease)
	2025	2024		
	(₱'000)	(₱'000)	(₱'000)	(%)
Cash generated (used) in operating activities	(2,615)	34	(2,649)	(7,792%)
Cash generated from issuance of stocks	19,200	–	19,200	–
Cash at the beginning of period	111	139	(28)	(20%)
Cash at the end of period	16,696	172	16,524	9,573%

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

The following discussion and analysis are based on the financial statements for the nine-month periods ending September 30, 2025 and 2024.

2.a Results of Operations

Interest Income
Interest income was ₱1.7 million for the nine-month period ending September 30, 2025 compared to ₱2.456 million for the same period in 2024. The interest earned in 2025 and 2024 pertains to the interest income on due from a related party.

Operating expenses
Expenses increased by ₱0.9 million or 75% as at September 30, 2025. Changes in the expense accounts for the nine-month ending September 30, 2025 versus the same period last year are attributable to the increase in advertising cost and professional fees amounting to ₱0.5 million and ₱0.4 million, respectively.

2.b Statements of Financial Position

The significant changes in the Statements of Financial Position during the nine-month period ending September 30, 2025 compared to December 31, 2024 are as follows:

- Total assets were ₱175.9 million as at September 30, 2025 compared to ₱157.4 million as at December 31, 2024, an increase of ₱18.5 million or 12%. The increase is mainly due to the subscription of capital stocks that contributed to an increase of ₱19.2 million, net of ₱0.8 million stock issuance cost.

- Total liabilities decreased by ₱0.3 million or 2% from ₱17.1 million as at December 31, 2024 to ₱16.7 million in the current period mainly due to payment of existing liabilities of the Company.

- Total equity increased by ₱18.9 million or 13.5% mainly due also to the subscription of shares of stocks.

2.c Statements of Cash Flows

The net cash used in operating activities amounted to ₱2.6 million for the nine-month period ending September 30, 2025, compared to net cash generated in the same period in 2024 amounting to ₱0.03 million.

The cash as at September 30, 2025 and December 31, 2024 amounted to ₱16.7 million and ₱0.1 million, respectively.

2.d Horizontal and Vertical Analysis

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)	Increase (Decrease) Amount	Increase (Decrease) Percentage
ASSETS				
Current Assets				
Cash	₱16,696,054	₱111,459	₱16,585,595	14,880%
Due from related parties	157,917,173	156,251,595	1,665,578	1%
Creditable withholding tax	448,297	460,470	(12,173)	(3%)
Other current assets	845,394	574,915	270,479	47%
Total Current Assets	₱175,906,918	157,398,439	₱18,508,479	12%
Noncurrent Assets				
Total Non-current Assets	–	–	–	–
Total Assets	₱175,906,918	₱157,398,439	₱18,508,479	12%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱16,748,580	₱17,013,739	(₱265,159)	(2%)
Noncurrent Liabilities				
Deferred tax liabilities	–	114,494	(114,494)	(100%)
Total Noncurrent Liabilities	–	114,494	(114,494)	(100%)
Total Liabilities	16,748,580	17,128,233	(379,653)	(2%)
Equity				
Capital stock	281,824,002	261,824,002	20,000,000	8%
Additional paid-in capital	73,477,248	74,277,248	(800,000)	(1%)
Deficit	(196,142,912)	(195,831,044)	(311,868)	0.2%
Total Equity	159,158,338	140,270,206	18,888,132	13%
	₱175,906,918	₱157,398,439	₱18,508,479	12%

FINANCIAL INDICATORS

	September 30, 2025	December 31, 2024
Net Income	(₱311,868)	₱780,286
Quick Assets	16,696,054	111,459
Current Assets	175,906,918	157,398,439
Total Assets	175,906,918	157,398,439
Current Liabilities	16,748,580	17,013,739
Total Liabilities	16,748,580	17,128,233
Stockholders' Equity	159,158,338	140,270,206
Number of Common Shares Outstanding	341,824,002	341,824,002

Current Ratio (1)	10.50	9.25
Debt to Equity Ratio (2)	0.11	0.12
Asset to Equity Ratio (3)	1.11	1.12
Return on Assets (4)	(0.19%)	0.51%
Return on Equity (5)	(0.21%)	0.56%
Book Value per Share (6)	₱0.47	₱0.54

1. *Current assets divided by current liabilities*
2. *Total liabilities divided by equity*
3. *Total assets divided by equity*
4. *Net income divided by average assets*
5. *Net income divided by average equity*
6. *Total common stockholder's equity divided by number of common shares*

OTHER INFORMATION

a. There are no known trends, demands, commitments, events or uncertainties that have a material impact on the Company's liquidity.

b. There are no events that will trigger direct or contingent financial obligation that is material to the Company.

c. There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities, or other persons were created during the interim period.

d. There are no material commitments for capital expenditures during the interim period.

e. There are no known trends, events or uncertainties that have or are reasonably expected to have a material impact on net sales/ revenues/ income from continuing operations.

f. There is no significant income or expense that did not arise from the Company's continuing operations.

g. There is no seasonal aspect that had a material effect on the financial condition or results of operation.

PART II - OTHER INFORMATION

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

PART III – FINANCIAL SOUNDNESS INDICATORS

Liquidity	Current Ratio (1)	10.50
	Quick Ratio (2)	1.00
Solvency	Debt to Equity Ratio (3)	0.11
	Debt Ratio (4)	0.10
Profitability	Asset to Equity Ratio (5)	1.11
	Return on Assets (6)	(0.19%)
	Return on Equity (7)	(0.21%)
	Book Value per Share (8)	₱0.47

1. *Current assets divided by current liabilities*
2. *Quick assets divided by total current liabilities*
3. *Total liabilities divided by equity*
4. *Total liabilities divided by total assets*
5. *Total assets divided by equity*
6. *Net income divided by average assets*
7. *Net income divided by average equity*
8. *Total common stockholder's equity divided by number of common shares*

SIGNATURES

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

Issuer: **Ferronoux Holdings, Inc.**

By:

[redacted]

Abel M. Almario
President

[redacted]

Ferdinand C. Ponce
Principal Accounting Officer

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF FINANCIAL POSITION

	Note	**September 30, 2025 (Unaudited)**	December 31, 2024 (Audited)
ASSETS			
Current Assets			
Cash	4	**₱16,696,054**	₱111,459
Due from related parties	6	**157,917,173**	156,251,595
Creditable withholding tax		**448,297**	460,470
Other current assets		**845,394**	574,915
Total Current Assets		**175,906,918**	157,398,439
Total Assets		**₱175,906,918**	₱157,398,439
LIABILITIES AND EQUITY			
Current Liability			
Accrued expenses and other current liabilities	5	**₱16,748,580**	₱17,013,739
Noncurrent Liability			
Deferred tax liability		**–**	114,494
Total Noncurrent Liability		**–**	114,494
Total Liabilities		**16,748,580**	17,128,233
Equity			
Capital stock		**281,824,002**	261,824,002
Additional paid-in capital		**73,477,248**	74,277,248
Deficit		**(196,142,912)**	(195,831,044)
Total Equity		**159,158,338**	140,270,206
Total Liabilities and Equity		**₱175,906,918**	₱157,398,439

See accompanying Notes to Financial Statements.

FERRONOUX HOLDINGS, INC.

STATEMENTS OF COMPEHENSIVE INCOME

	Note	**September 30, 2025 (Unaudited)**	December 31, 2024 (Audited)
INTEREST INCOME		**₱1,678,904**	₱3,276,974
EXPENSES	8	**(2,094,729)**	(2,152,593)
INCOME (LOSS) BEFORE INCOME TAX		**(415,825)**	1,124,381
PROVISION FOR INCOME TAX			
Current	10	**10,537**	669,655
Deferred	10	**(114,494)**	(325,560)
		(103,957)	344,095
NET INCOME (LOSS)		**(₱311,868)**	₱780,286
BASIC EARNINGS PER SHARE	9	**(₱0.001)**	₱0.003

See accompanying Notes to Financial Statements.

STATEMENTS OF COMPEHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2025 AND 2024

	Note	**Current Year-To-Date** **2025 (Unaudited)**	Previous Year-To-Date 2024 (Unaudited)	**Current Year-To-Date (Three-month period)** **2025 (Unaudited)**	Previous Year-To-Date (Three-month period) 2024 (Unaudited)
INTEREST INCOME		**₱1,678,904**	₱2,456,254	**₱4,282**	₱822,744
EXPENSES	8	**(2,094,729)**	(1,200,148)	**(383,885)**	(256,077)
INCOME (LOSS) BEFORE INCOME TAX		**(415,825)**	1,256,106	**(379,602)**	566,667
PROVISION FOR INCOME TAX					
Current	10	**10,537**	558,638	**–**	223,839
Deferred	10	**(114,494)**	(242,975)	**–**	(82,079)
		(103,957)	315,663	**–**	141,760
NET INCOME (LOSS)		**(₱311,868)**	₱940,443	**(₱379,602)**	₱424,907
BASIC EARNINGS PER SHARE	9	**(₱0.001)**	₱0.004	**(₱0.001)**	₱0.002

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2025 AND 2024

	September 30	
	2025 (Unaudited)	2024 (Unaudited)
CAPITAL STOCK – ₱1 par value		
Authorized – 550,000,0000 shares	**₱341,824,002**	₱261,824,002
Issued and outstanding – 341,824,002 shares		
Less: Subscription receivable	**(60,000,000)**	–
	281,824,002	261,824,002
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning and end of period	**73,477,248**	74,277,248
DEFICIT		
Balance at beginning of period	**(195,831,044)**	(196,611,330)
Net income (loss)	**(311,868)**	940,443
Balance at end of the period	**(196,142,912)**	(195,670,887)
	₱159,158,338	₱140,430,363

See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2025 AND 2024

		September 30	
	Note	**2025 (Unaudited)**	2024 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before tax		**(₱415,825)**	₱940,443
Adjustment for: Interest Income	8	**(1,678,904)**	(2,456,254)
Operating loss before changes in working capital		**(2,094,729)**	(1,515,811)
Increase in other current assets		**(258,306)**	(95,822)
Increase in accrued expenses and other current liabilities		**(379,653)**	(270,438)
Cash provided by operating activities		**(2,732,688)**	(1,882,071)
Interest received		**13,326**	–
Income tax paid		**103,957**	315,663
NET CASH PROVIDED BY OPERATING ACTIVITIES		**(2,615,405)**	(1,566,408)
CASH FLOWS FROM FINANCING ACTIVITY			
Cash received from capital issuance net of issuance cost		**19,200,000**	–
Proceeds from (payment of):			
Due to related parties		**–**	1,600,000
NET CASH PROVIDED BY FINANCING ACTIVITY		**19,200,000**	1,600,000
NET INCREASE IN CASH IN BANK		**16,584,595**	33,593
CASH AT BEGINNING OF PERIOD		**111,459**	138,606
CASH AT THE END OF PERIOD		**₱16,696,054**	₱172,199

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Ferronoux Holdings, Inc. (**FERRO** or the **Company**) was incorporated in the Philippines on December 14, 2001. The Company was initially registered with the Securities and Exchange Commission (**SEC**) to operate as a financing company governed by the Republic Act (**R.A.**) No. 8556, or the Financing Company Act of 1998.

The Company initially had an authorized capital stock of ₱10.0 million divided into 10.0 million common shares with a par value of ₱1.00 per share. Due to the continuous growth and expansion of the Company, a series of capital infusions were made by its shareholders, as follows:

- On August 24, 2006, the Company increased its authorized capital stock to ₱30.0 million divided into 30.0 million common shares, of which 20.0 million common shares were subscribed and paid-up.
- Subsequently, on June 16, 2009, the Company increased its authorized capital stock to ₱75.0 million divided into 75.0 million common shares which were fully subscribed and paid-up.
- On June 29, 2012, the Company's board of directors (the **Board**) and stockholders approved the application for increase in its authorized capital stock to ₱550.0 million divided into 550.0 million shares with a par value of ₱1 per share.

The Company's shares of stock were listed in the Philippine Stock Exchange (**PSE**) on August 13, 2013. As of December 31, 2024, the total number of shares listed in the PSE is 261,824,002 shares.

On June 26, 2015, the Company disclosed that, on June 25, 2015, Mr. Tony O. King and his family sold to RYM Business Management Corporation (**RYM**) their 183,276,801 common shares or 70% of the Company through a block sale for ₱280.00 million or approximately ₱1.53 per share. Subsequently, the Company ceased its lending activities.

On November 27, 2017, ISOC Holdings, Inc. (**ISOC**) entered into an agreement with RYM for the purchase of RYM's 175,422,081 common shares in the Company equivalent to 67% interest at ₱2.1662 per share or a total amount of approximately ₱380.0 million. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via PSE on January 4, 2018.

On February 6, 2018, the SEC approved the amendment of the Company's Articles of Incorporation to change its corporate name to Ferronoux Holdings, Inc. (from AG Finance Incorporated) and change its primary purpose to that of a holding company. As a result, the Company likewise changed its stock symbol to "FERRO".

On June 8, 2018, the Board approved the change in the Company's principal address from Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center Pasig City to 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City. On October 5, 2018, the Board also approved the amendments to the Articles of Incorporation and By-Laws of the Company in order to comply with the Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19, series of 2016). The foregoing resolutions of the Board were approved by the shareholders of the Company during the annual meeting of the stockholders held last December 3, 2018. On July 29, 2019, the SEC approved the foregoing amendments of the Articles of Incorporation and the By-Laws of the Company.

After the Board's approval last December 18, 2024, the Company's stockholders approved and/or ratified the following during the Special Stockholders' Meeting held last March 19, 2025:

1. Private Placement of Themis Group Corporation (**Themis**) for issuance of 80,000,000 common shares out of the Unissued Capital Stock and Listing of said shares with the PSE,
2. Private Placement of Themis for issuance of 240,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE,
3. Property-for-Share Swap with Eagle 1 Land Corporation (**Eagle 1**) and issuance of 918,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE,
4. Private Placement of Investors by way of subscription to 300,000,000 common shares of the Company to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE, and
5. Increase of Capital Stock from Five Hundred Fifty Million Pesos (₱550,000,000.00), divided into Five Hundred Fifty Million (550,000,000) common shares with a par value of One Peso (₱1.00) per share, to Two Billion Five Hundred Million Pesos (₱2,500,000,000.00), divided into Two Billion Five Hundred (2,500,000,000) common shares with a par value of One Peso (₱1.00) per share, Amendment to the Seventh Article of the Articles of Incorporation to reflect the increase in capital stock and Issuance of Shares in support of the Increase.

On December 27, 2024, ISOC, which owns 133,530,241 common shares representing 39.06% of the total outstanding capital stock of the Company, entered into a Deed of Assignment of Shares with Themis for the sale and purchase of 133,530,241 common shares of stock of the Company which represents all of the shares owned by ISOC in the Company, subject to Themis' compliance with the Mandatory Tender Offer. The Tender Offer Period commenced on March 19, 2025 and ended on April 21, 2025, and there were no availments or tendered shares during said Tender Offer Period. On May 15, 2025, the Company was notified that ISOC transferred all its shareholdings in the Company to Themis.

On September 5, 2025, the Board approved to change its principal office address from 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City to 15th Floor, Jollibee Tower, F. Ortigas Jr. Road and Garnet Road, Ortigas Center, San Antonio, Pasig City.

Status of Operations

The Company used to provide worry-free short-term, unsecured credit facilities to permanent rank and file employees of reputable medium-sized companies in the Philippines. The Company ceased its lending activities in 2015 after RYM acquired 70% of the Company.

On February 6, 2018, the SEC approved the amendment of the Company's Articles of Incorporation to change its corporate name to Ferronoux Holdings, Inc. and to change its primary purpose to that of a holding company.

On March 19, 2025, the shareholders approved the Property-for-Share Swap agreement with Eagle 1 which involve properties adjacent to the Okada Integrated Casino Resort with a total area of 94,144 square meters. The Company and Eagle 1 intend to jointly develop the properties to realize its full potential value.

2. **Summary of Significant Accounting Policies**

Basis of Preparation

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

Measurement Bases

The financial statements are presented in Philippine Peso, which is the Company's functional currency. All values are in absolute amount, unless otherwise stated.

The financial statements of the Company have been prepared on a historical basis. Historical cost is generally based on the fair value of the consideration given in exchange of an asset or fair value of consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

The Company uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

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

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

- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

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

Further information about the assumptions made in measuring fair value is included in Note 11, *Financial Risk Management Objectives and Policies*.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective or Adopted

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at September 30, 2025, and have not been applied in preparing the financial statements, are summarized below.

Effective January 1, 2026 -

- Amendments to PFRS 9, Financial Instruments, and PFRS 7, Financial Instruments:

Disclosures – Classification and Measurement of Financial Assets – The amendments clarify that a financial liability is derecognized when the related obligation is discharged or cancelled, expires, or otherwise qualifies for derecognition (e.g. settlement date), and introduce a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

Effective January 1, 2027 -
• PFRS 18, Presentation and Disclosure in Financial Statements – This standard replaces PAS 1, Presentation of Financial Statements, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income, and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

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

Financial Instruments
Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument.

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

Financial Assets
Initial Recognition and Measurement. Financial assets are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at fair value through profit or loss (**FVPL**), includes transaction cost.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (**FVOCI**), and (c) financial assets at FVPL. The classification of a financial asset largely depends on the Company's business model and its contractual cash flow characteristics.

As at reporting date, the Company does not have financial assets measured at FVOCI and at FVPL.

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

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

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

The Company's cash in bank and due from related parties are classified under this category (see Notes 4 and 6).

Impairment. The Company records an allowance for expected credit loss (**ECL**) based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. This includes both quantitative and qualitative information and analysis, based on the financial capacity of the counterparty and historical credit loss experience and including forward-looking information.

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

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

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

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

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

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

Financial Liabilities
Initial Recognition and Measurement. Financial assets are recognized initially at fair value, which is the fair value of the consideration received. The initial measurement of financial liabilities, except for those designated at fair value through profit or loss (**FVPL**), includes transaction cost.

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

As at reporting date, the Company does not have financial liabilities measured at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

The Company's accrued expenses and other current liabilities is classified under this category (see Note 5).

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

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

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

• Deliver cash or another financial asset to another entity;
• Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
• Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts, and there is intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Creditable Withholding Taxes (CWT)
CWT are the amounts withheld from income subject to expanded withholding taxes. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

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

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

The net amount of VAT recoverable from the taxation authority is presented as “Other current assets” account in the statements of financial position.

Deferred Output VAT. Deferred output VAT represents the amount of VAT on credit income that is not due to the taxation authority until the corresponding amount of receivable is collected.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-

generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses from continuing operations are recognized in profit or loss.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

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

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

Deficit
Deficit represents the cumulative balance of net losses of the Company.

Interest Income
Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Expense Recognition
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participant. Expenses are generally recognized in profit or loss as incurred.

Income Taxes
Current Tax. Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted or substantively enacted at the reporting date, and any adjustment to tax payable in the previous years.

Deferred Tax. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future.

Deferred tax assets are recognized for all temporary differences and carry forward benefits of net operating loss carry over (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (**RCIT**) that are expected to reduce taxable profit in the future. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

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

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

Current tax and deferred tax are recognized in profit or loss except to the items recognized directly in equity or in OCI.

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

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income attributable to the stockholders by the weighted average number of shares of stock outstanding during the year, with retroactive adjustments for any stock dividends declared and stock split.

Diluted EPS is calculated by adjusting the weighted average number of shares of stock outstanding to assume conversion of potential dilutive ordinary shares of stock.

Where the effect of potential dilutive ordinary shares of stock would be anti-dilutive, basic and diluted EPS are stated at the same amount.

As at September 30, 2025, the Company does not have potential dilutive ordinary shares of stock.

Segment Reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components.

Aside from being a holding company, the Company does not have any other operating segments.

Related Parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The key management personnel of the company, post-employment benefits plans of employees, and close members of the family of any individuals owning, directly or indirectly, a significant voting power of the Company that gives them significant influence in the financial and operating policy decisions of the Company are also considered to be related parties. Parties are also considered to be

related if they are subject to common control or common significant influence. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Pursuant to SEC Memorandum Circular No. 10-2019, material related party transactions are related party transactions, either individually, or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of a company's total assets based on its latest audited financial statements.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

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

Events after the Reporting Date
Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Material Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS Accounting Standards requires the Company to make judgments, accounting estimates and assumptions 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, accounting estimates, and assumptions 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.

Judgment
In the process of applying the Company's accounting policies, management has made the following judgment, apart from those involving estimation, which has the most significant effect on the amount recognized in the financial statements.

Assessing the Ability of the Company to Continue as a Going Concern. As discussed in Note 1 to the financial statements, the Company ceased its lending activities in 2015 and has no other business activities since then. The Company, however, has been engaging in exploratory discussions with potential strategic partners. As part of the Company's business plans and strategic initiatives, the Board approved in December 2024 a series of capital infusions from new investors, including the ₱80.0 million subscription of Themis to the Company's unissued common shares, for which ₱20.0 million was paid in January 2025. These capital infusions aim to support the planned future operations of the Company, primarily in the real estate sector.

The Company is satisfied that, with the planned capital infusions, it has the available resources to continue the business for the foreseeable future, thereby eliminating material uncertainties that may cast significant doubt on its ability to continue as a going concern. Accordingly, the Company's financial statements have been prepared on a going concern basis.

Accounting Estimates and Assumptions

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

Assessing the ECL on Financial Assets at Amortized Cost. The Company applies the general approach in measuring ECL. For cash in bank, the Company assessed that cash in bank is deposited in a reputable counterparty bank that possess good credit ratings. For due from related parties, the Company considers the financial capacity of the counterparty and historical credit loss experience adjusted for forward-looking factors, as applicable. After taking into consideration the related party's ability to pay depending on the sufficiency of liquid assets and available forward-looking information, the risk of default of the related parties is assessed to be minimal.

No provision for ECL was recognized on financial assets at amortized cost in September 30, 2025 and December 31, 2024. The carrying amounts of the financial assets at amortized cost (cash in bank and due from related parties) as at September 30, 2025 and December 31, 2024 are disclosed in Notes 4 and 6 to the financial statements.

4. Cash

Cash in bank amounted to ₱16,696,054 and ₱111,459 as at September 30, 2025 and December 31, 2024, respectively.

Cash in bank is immediately available for use in the current operations.

5. **Accrued Expense and Other Current Liabilities**

This account consists of:

	Note	**September 30, 2025**	December 31, 2024
Due to a related party	6	**₱14,212,501**	13,812,501
Deferred output VAT	6	**2,269,261**	2,269,261
Accrued expenses		**266,817**	931,977
		₱16,748,579	17,013,739

Accrued expenses mainly include unpaid professional fees that are expected to be settled within one year.

6. **Related Party Transactions**

The following table summarizes the transactions with related parties and the outstanding balance arising from these transactions as at September 30, 2025 and December 31, 2024:

		Amount of Transactions		Outstanding balance	
Nature of Relationship	Nature of Transaction	**September 30, 2025**	December 31, 2024	**September 30, 2025**	December 31, 2024
Due from a Related Party					
Stockholder					
	Assignment of note receivable	**₱–**	₱132,714,385	**₱132,714,385**	₱132,714,385
	"Day 1" difference	**(457,974)**	457,974	**–**	457,974
	Interest	**2,123,552**	20,606,461	**22,730,013**	20,606,461
		1,665,578	153,778,820	**154,579,721**	153,778,820
Stockholder	Assignment of note receivable	**–**	–	–	–
	"Day 1" difference	**–**	(1,302,240)	**–**	–
	Interest	**–**	5,128,720	**2,472,775**	2,472,775
				2,472,775	2,472,775
				157,917,173	156,251,595
Due to a Related Party					
Stockholder	Advances for working capital requirements	**400,000**	₱1,950,000	**14,212,501**	13,812,501

Assignment of Receivables

In 2020, notes receivable arising from the Company's past lending activities was assigned to ISOC, and was presented as due from a related party in the statements of financial position. At the date of the assignment, the fair value of due from a related party, computed at the present value of future cash flows discounted using effective interest rate of 2.44%, is different from the transaction price. Accordingly, the Company recognized "Day 1" gain on due from a related party of ₱6.1 million.

The outstanding balance of due from related parties as at December 31, 2024 and 2023 is unsecured and payable in full in 2025, and bears interest at 3.44% per annum payable upon maturity.

On December 27, 2024, due from a related party and the related interests aggregating ₱153.8 million were assigned to Themis, carrying on the same terms as the previous receivable. The assignment is considered as a noncash financial information in the statements of cash flows. On May 15, 2025, the Company was notified that ISOC transferred all its shareholdings in the Company to Themis.

The movements of due from related parties are as follows:

	September 30, 2025	December 31, 2024
Original amount at the date of assignment	**₱132,714,385**	₱132,714,385
"Day 1" gain		
Balance at beginning of period	**457,974**	1,760,214
Accretion	**(457,974)**	(1,302,240)
Balance at end of period	**–**	457,974
Carrying amount	**₱132,714,385**	₱133,172,359

As at September 30, 2025 and December 31, 2024, interest earned on due from a related party net of accretion amounted to ₱1.7 million and ₱3.3 million, respectively. Interest receivable amounted to ₱24.7 million and ₱23.1 million as at September 30, 2025 and December 31, 2024, respectively. Deferred output VAT amounted to ₱2.3 million as at September 30, 2025 and December 31, 2024.

As at September 30, 2025 and December 31, 2024, the Company has not provided any allowance for impairment losses for the amounts owed by a related party. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. The Company also considered the available liquid assets of the related party and the anticipated capital infusions.

Terms and Conditions of Due to a Related Party

The outstanding balance of due to a related party as at September 30, 2025 and December 31, 2024 is unsecured, noninterest-bearing, due and demandable, and normally settled in cash.

Key Management Personnel

The reasonable per diems paid to directors amounted to ₱0.2 million and ₱0.4 million as at September 30, 2025 and December 31, 2024, respectively.

7. **Equity**

Details and movements of the Company's capital stock are as follows:

	September 30, 2025		December 31, 2024	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized – ₱1.00 par value				
Balance at beginning and end of period	**550,000,000**	**₱550,000,000**	550,000,000	₱550,000,000
Issued and Outstanding				
Balance at beginning and end of period	**341,824,002**	**₱341,824,002**	261,824,002	261,824,002
Less: Subscription receivable	**60,000,000**	**60,000,000**		
	281,824,002	**₱281,824,002**	261,824,002	₱261,824,002

On December 12, 2024, the Board approved the subscription of Themis to the Company's 80.0 million common shares, which will be issued out of the remaining unissued capital stock at par value or a total amount of ₱80.0 million, representing 23.4% ownership interest. The related subscription agreements were executed on December 18, 2024.

In January 2025, the Company received a partial payment amounting to ₱20.0 million or 25% of the subscribed capital, and paid the related documentary stamp tax (DST) amounting to ₱0.8 million.

8. **Expenses**

Operating expenses for the nine-month periods ending September 30, 2025 and 2024 consists of:

	September 30	
	2025	2024
Professional Fees	**₱1,068,797**	₱615,000
PSE fees and SEC fees	**469,375**	253,500
Advertising cost	**511,790**	-
Taxes and licenses	**38,547**	22,466
Others	**6,220**	309,182
	₱2,094,729	₱1,200,148

9. **Earnings Per Share**

Basic EPS for the nine-month periods ending September 30, 2025 and 2024 were computed as follows:

	September 30	
	2025	2024
Net income	**(₱311,868)**	₱940,443
Weighted average number of common shares	**281,824,002**	261,824,002
	(₱0.001)	₱0.004

The Company does not have potential dilutive shares of stock.

10. **Income Taxes**

The Company's provision for current income tax pertains to RCIT in September 30, 2025.

The reconciliation of provision for income tax at statutory income tax rate to the provision for (benefit from) income tax for the nine-months periods covering September 30, 2025 and 2024 shown in the statements of comprehensive income follows:

	September 30	
	2025	2024
Income tax expense at statutory tax rate	**(₱103,956)**	₱314,027
Add tax effects of:		
• Non-deductible expenses	**–**	1,636
Income tax expense (benefit) at effective income tax rate	**(₱103,956)**	₱315,663

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

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. The Board has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risks

The Company's financial instruments consist of cash in bank, due from a related party, and accrued expenses and other current liabilities which arise directly from its operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. The Board reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash in bank and due from a related party.

The carrying amount of financial assets recognized in the financial statements represents the Company's maximum exposure to credit risk, without taking into account collateral or other credit enhancement.

The summary of exposure to credit risk for the Company's financial assets are as follows:

September 30, 2025

	Neither Past due nor Impaired				
	High Grade	**Standard Grade**	**Past Due but not Impaired**	**Impaired**	**Total**
Cash in bank	**₱16,696,054**	**₱–**	**₱–**	**₱–**	**₱16,696,054**
Due from a related party	**–**	**157,917,173**	**–**	**–**	**157,917,173**
	₱16,696,054	**₱157,917,173**	**₱–**	**₱–**	**₱174,613,227**

December 31, 2024

	Neither Past due nor Impaired				
	High Grade	**Standard Grade**	**Past Due but not Impaired**	**Impaired**	**Total**
Cash in bank	₱111,459	₱–	₱–	₱–	₱111,459
Due from related parties	–	156,251,595	–	–	156,251,595
	₱111,459	₱156,251,595	₱–	₱–	₱156,363,054

The Company manages the credit quality of its financial assets using internal credit ratings such as high grade and standard grade. High grade pertains to a counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. Standard grade is given to counterparties with average capacity to meet its obligations.

Cash in bank is classified as high grade because it is deposited in a reputable bank, which has a low probability of insolvency. Due from related parties are classified as standard grade since the Company considers the financial capacity of the counterparties and historical credit loss experience adjusted for forward-looking factors, as applicable.

The Company's financial assets, in evaluating credit quality, are also grouped according to ECL stages as follows:

• Stage 1 financial assets are those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk. Impairment, if any, is determined and measured using 12-month ECL.

• Stage 2 financial assets are those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date. Impairment, if any, is determined and measured using lifetime ECL.

• Stage 3 financial assets are those that are considered in default or demonstrate objective evidence of impairment as of reporting date. Impairment, if any, is determined and measured using lifetime ECL.

As at September 30, 2025 and December 31, 2024, cash in bank and due from related parties aggregating ₱175.0 million and ₱156.4 million, respectively, are determined to be Stage 1 financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its financial obligations when they fall due. The Company aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

The carrying amount of the accrued expenses and other current liabilities as at September 30, 2025 and December 31, 2024 represents the contractual undiscounted cash flows and is payable within the next reporting year.

Capital Management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by creating products and services commensurate with the level of risk. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or convert related party advances to an equity component item.

Other than that disclosed herein, there has been no change made in the objectives, policies and processes in September 30, 2025 and 2024.

The Company is not subject to externally-imposed capital requirements.

Fair Value Measurement

Set out below is a comparison by category of carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements:

	September 30, 2025		December 31, 2024	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	**₱16,696,054**	**₱16,696,054**	₱111,459	₱111,459
Due from a related party	**157,917,173**	**157,917,173**	156,251,595	156,251,595
	₱174,613,227	**₱174,613,227**	₱156,363,054	₱156,363,054
Financial Liabilities				
Accrued expenses and other current liabilities	**₱16,748,579**	**₱16,748,579**	₱17,013,739	₱17,013,739

Cash in Bank and Accrued Expenses and Other Current Liabilities. The carrying amounts of cash in bank and accrued expenses and other current liabilities approximate their fair values due to the short- term and demandable nature of the transactions.

Due from a Related Party. The fair value of the Company's due from a related party in September 30, 2025 and December 31, 2024 was determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. These financial instruments are classified under Level 2 (Significant observable inputs) of the fair value hierarchy groups in the financial statements.

<u>Aging of Receivables</u>

The aging analyses of financial assets are as follows:

<u>September 30, 2025</u>

	Neither Past due nor Impaired				
	High Grade	**Standard Grade**	**Past Due but not Impaired**	**Impaired**	**Total**
Cash in bank	**₱16,696,054**	**₱–**	**₱–**	**₱–**	**₱16,696,054**
Due from a related party	**–**	**157,917,173**	**–**	**–**	**157,917,173**
	₱16,696,054	**₱157,917,173**	**₱–**	**₱–**	**₱174,613,227**

<u>December 31, 2024</u>

	Neither Past due nor Impaired				
	High Grade	Standard Grade	Past Due but not Impaired	Impaired	Total
Cash in bank	₱111,459	₱–	₱–	₱–	₱111,459
Due from related parties	–	156,251,595	–	–	156,251,595
Interest receivable	–	–	–	–	–
	₱111,459	₱156,251,595	₱–	₱–	₱156,363,054