

# COVER SHEET

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S.E.C. Registration Number

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|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |

(Company's Full Name)

|   |   |   |   |   |   |   |   |   |    |   |   |   |   |   |   |   |   |   |  |
|---|---|---|---|---|---|---|---|---|----|---|---|---|---|---|---|---|---|---|--|
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| M | A | K | A | T | I | C | I | T | Y  |   |   |   |   |   |   |   |   |   |  |

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

Atty. John Benedict L. Sioson  
Contact Person

8815-8406

Company Telephone Number

|   |   |
|---|---|
| 1 | 2 |
| 3 | 1 |

Month Day

Annual Report SEC Form 17-A

3<sup>rd</sup> Monday of November

Fiscal Year

FORM TYPE

Annual Meeting

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

Dept. Requiring this Doc.

Secondary License Type, If Applicable

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

Total amount of Borrowings

|               |         |
|---------------|---------|
| File Number   | LCU     |
| Document I.D. | Cashier |
| STAMPS        |         |

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended *31 December 2024*
2. SEC Identification Number *11163*
3. BIR Tax Identification No. *000-471-497-000*
4. Exact name of issuer as specified in its charter *Philcomsat Holdings Corporation*
5. *Philippines*  
Province, Country or other jurisdiction of incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. *12/F Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City* *1200*  
Address of principal office Postal Code
8. *(632) 8815-8406*  
Issuer's telephone number, including area code
9. N/A  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Common Stock<br>Outstanding and Amount of Debt Outstanding |
|---------------------|--|
| <i>Common</i>       | <i>996,391,254</i>   |
11. Are any or all of these securities listed on a Stock Exchange.  
Yes  No   
If yes, state the name of such stock exchange and the classes of securities listed therein:  
*Philippine Stock Exchange* *60,000,000 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 (or for such shorter period that the registrant was required to file such reports).  
Yes  No
  - (b) Has been subject to such filing requirements for the past ninety (90) days

Yes [x] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the Corporation.

As of 31 December 2024, the aggregate market value of the voting stock held by non-affiliates of the Corporation is P155,451,391.50. Trading of the Corporation's shares is, however, suspended.

**APPLICABLE ONLY TO ISSUERS INVOLVED IN  
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission

Not applicable

**DOCUMENTS INCORPORATED BY REFERENCE**

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- (a) Any annual report to security holders
- (b) Any information statement filed pursuant to SRC Rule 20
- (c) Any prospectus filed pursuant to SRC Rule 8.1

None of the above documents are incorporated by reference.

**PART I - BUSINESS AND GENERAL INFORMATION**

**Item 1. Business**

**(1) *Business Development***

**(a) Form and Date of Organization of the Corporation**

Philcomsat Holdings Corporation, formerly Liberty Mines, Inc., was incorporated on May 10, 1956. On January 10, 1997, the Corporation approved amendments of its Articles of Incorporation, changing its primary purpose from embarking in the discovery, exploitation, development and exploration of mineral oils, petroleum in its natural state, rock or carbon oils, natural oils and other volatile mineral substances to a holding company and changing its name and declassifying its shares. These changes were filed with the Securities and Exchange Commission (SEC) on April 14, 1997 and were approved by the SEC on July 23 and September 12, 1997, respectively. The authorized capital of the Corporation is One Billion Pesos (P1,000,000,000.00) divided into one billion (1,000,000,000) common shares with a par value of P1.00 per share. Of the total authorized capital stock, sixty million (60,000,000) shares are listed at the Philippine Stock Exchange (PSE). While the SEC approved the registration of the remaining 940,000,000 shares on August 31, 2000, the PSE considered the Corporation's application abandoned. A later attempt to revive the Corporation's application for listing at the PSE was deferred at the objection of then PCGG Chairman Camilo Sabio in his letter dated March 1, 2005 to the PSE.

In May 2006, the Corporation amended its articles of incorporation extending the life of the Corporation for another fifty (50) years or until 2056. This extension however has been rendered moot by the Revised Corporation Code and the rules of the SEC that grant perpetual existence to corporations.

The Corporation is a subsidiary of the Philippine Communications Satellite Corporation ("Philcomsat") which owns approximately seventy-nine percent (79%) of the outstanding capital stock of the Corporation.

The Corporation owns 100% of Philcomsat Management Enterprises, Inc. which in turn owns Professional Stock Transfer, Inc.

(b) Bankruptcy, Receivership or Similar Proceeding

The Corporation is not involved in any bankruptcy, receivership or similar proceeding.

(c) Material Reclassification, Merger, Consolidation, Purchase/Sale of Assets not in the Ordinary Course of Business

The Corporation is not involved in any material reclassification, merger, consolidation, purchase or sale of assets not in the ordinary course of business.

**(2) *Business of the Corporation***

(a) Description

(i) Products/Services/Facilities

The Corporation holds investments in money market placements and financial instruments. At the annual stockholders' meeting held on 21 November 2022, the stockholders adopted a resolution authorizing the Corporation to engage in its secondary purpose of managing hotels and resorts. Currently, there is no product or service that contributes ten percent (10%) or more to sales or revenue.

(ii) Foreign Sales

The Corporation does not have any foreign sales or revenues.

(iii) Distribution of Products and Services

The Corporation does not distribute any facility, product and service.

(iv) Status of Publicly Announced New Product

The Corporation does not have a publicly announced new product.

(v) Competition

The Corporation does not have direct competitors for its money market operations.

(v) Raw Materials and Supplies

The Corporation's facilities, services and products do not require the use of raw materials and supplies.

(vi) Major Customers

This disclosure is not applicable to the Corporation's business.

(vii) Dependency on single/few customers that account for 20% of sales.

This disclosure is not applicable to the Corporation's business.

(viii) Transactions with/Dependence on Related Parties

Among the transactions with related parties are receivables from the Philippine Communications Satellite Corporation (Philcomsat) and Montemar Beach Club, Inc. The Corporation likewise has a lease agreement with Philcomsat for the rent of its office space. In addition, PSTI acts as the stock transfer agent of the Corporation. Details of these RPTs are found in Note 16 of the attached Audited Financial Statements.

In addition, at the annual stockholders' meeting held on 21 November 2022, the stockholders adopted a resolution authorizing the Corporation to engage in its secondary purpose of managing hotels and resorts, which the Corporation intends to pursue with the Montemar Beach Club, Inc.

(ix) Patents, Trademarks, Licenses, etc.

The Corporation does not own any patent, trademark, license or franchise.

(x) Government Approval

This disclosure is not applicable to the Corporation's business as the Corporation has no principal product or service that requires government approval.

(xi) Effect of Governmental Regulations

The Corporation does not expect to be affected by any existing or probable governmental regulations aside from those issued by the PSE and the SEC.

(xii) Research and Development Activities

The Corporation has no expenditures for research and development for the last three (3) fiscal years.

(xiii) Environmental Laws

This disclosure is not applicable to the Corporation's business and concerns.

(xiv) Number of Employees

As of 31 December 2024, no new regular employee was hired by the Corporation. The Corporation's businesses and concerns were managed and handled by the executives, staff members and consultants of Philcomsat, the 79% owner of the Corporation.

The Corporation has no collective bargaining agreement and there had been no strikes or threats of strike within the past three (3) years.

The Corporation may consider employing full-time staff within the next twelve (12) months should the need arise. Management does not foresee granting any supplemental benefit or incentive arrangement with future employees.

(xv) Major risks

Being involved in money market operations, the major risks of the Corporation are the fluctuation of money market fund rates and inflation. Management carefully evaluates its placements to ensure that the Corporation's investments are typically safe and liquid and provide decent returns.

(b) Additional Requirements as to Certain Issues or Issuers

(i) Debt Issues

This disclosure is not applicable to the Corporation.

(ii) Investment company securities

This disclosure is not applicable to the Corporation.

(iii) Mining and Oil companies

This disclosure is not applicable to the Corporation

**Item 2. Properties**

The Corporation leases its office space at its current business address at the 12/F Telecoms Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City with a floor area of 160 sq. m. Rent expense amounted to P1.54 million in 2024, P1.46 million in 2023, and P1.39 million in 2022.

In addition, the Corporation obtained nine parcels of land through dacion en payment from Philcomsat amounting to P335,615,126 and covering three hundred eighty-three thousand nine hundred ninety-nine (383,999) square meters located at Ibis, Bagac, Bataan. The land's title is currently being processed for transfer to the name of the Corporation.

The Corporation does not intend to acquire property in the next twelve (12) months.

**Item 3. Legal Proceedings**

The Corporation is a party to the following legal actions and proceedings which are not expected to have a material effect on its financial position.

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

PHC, through the valid and incumbent directors (Bildner Group) filed a Motion for Issuance of Writ of Execution with the Regional Trial Court (RTC) of Makati Branch 138 as court of origin, following the final resolution of SC declaring the election of Locsin Group as PHC's officers and directors. Accordingly, the SC ordered the Locsin Group to render an accounting and return of funds allegedly received from the Company. An Order granting the Motion was issued on February 20, 2017, resulting to the issuance of the Writ of Execution on February 28, 2017. On January 9, 2018, PHC filed a manifestation for the implementation of the Writ of Execution. On February 9, 2018, an Order was issued directing PHC, within thirty (30) days from receipt, to submit its preferred accounting firm who will conduct the accounting of all funds and other assets received from POTC, PHC and Philcomsat since September 2004. On February 22, 2018, PHC filed its Ex-Parte Manifestation and Motion, in compliance with the said Order. On July 11, 2018, the Sheriff of the Office of the Clerk of Court of Makati served the Writ of Execution to Manuel Andal, Benito Araneta, Philip Brodett, Enrique Locsin, Concepcion Poblador and Johnny Tan. On June 6, 2019, PHC filed an Ex-Parte Motion to Resolve the pending motion to appoint Virgilio R. Santos as the auditing accounting firm for the execution of the SC Decision dated July 3, 2013 issued in GR Nos. 184622, 184712-14, 186066 and 186590. There was a status conference held in this case on December 13, 2019 where the Court required the defendants to provide a name of their selected accountant to move forward with the audit. The defendants failed or refused again to comply, so the Court is likely to appoint Philcomsat's proposed accountant, Virgilio R. Santos, to do the audit. On May 18, 2022, Philcomsat filed an Ex-Parte Motion to Resolve praying that an Order be issued allowing VRS to commence the (17) accounting of corporate funds received, utilized and disbursed by all the defendants and their assigns, which the Court granted in its Order of June 3, 2022. However, VRS has already retired. The issue of who would render the audit remains unsolved. On May 2, 2017, the Presidential Commission on Good Government (PCGG) and Locsin filed with the Court of Appeals (CA) a Petition for Certiorari and Prohibition with Very Urgent Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction assailing the Order dated February 20, 2017 issued by the RTC. On January 30, 2018, the CA issued a Decision dismissing the Petition. On February 22, 2018, PCGG and Locsin filed their Motion for Reconsideration with Motion to Exclude the PCGG from the instant Petition, which are both denied in a Resolution dated June 27, 2018. On August 8, 2018, PCGG filed its Motion for Reconsideration on the denial of its Motion for Exclusion. On October 29, 2018, Philcomsat filed its Opposition thereto. Meanwhile, PCGG and Locsin filed a Petition for Review with the Supreme Court (SC) questioning the Decision issued by the CA dated January 30, 2018, which dismissed their Appeal. Philcomsat filed its comment thereto on November 6, 2018. PCGG filed its Reply on February 17, 2020. Separately, Brodett filed his Petition for Certiorari under Rule 65 with the CA assailing the Order issued by the RTC, which denied his Motion for Clarification on the issue of rendering an accounting of the funds. The CA denied his Petition on the ground that clarification may only be allowed if the order involves a clerical error but not when it is an alleged erroneous judgment or dispositive portion of the decision. Since Brodett's Motion for Clarification was raised questioning the grant of a writ of execution, the CA held that it cannot be subject of a motion for clarification. On December 15, 2017, the CA's dismissal was issued and the case was considered terminated. Brodett still filed his Motion for Reconsideration, which was denied on May 10, 2018. Brodett elevated the matter to the SC via Petition for Review but the SC denied the same in a Resolution dated August 29, 2018. On December 7, 2022, the Court issued a Resolution requiring the parties to file their respective memoranda.

Philcomsat filed its Memorandum on March 10, 2023. PCGG and Locsin filed their Memorandum on March 13, 2023.

• **Complaint for collection against Araneta and Lokin**

On May 26, 2010, a complaint for collection of sum of money and damages, with an application for a Writ of Preliminary Attachment dated May 24, 2010 was filed by the Company against Benito Araneta and Luis Lokin Jr., former directors of the Company for an alleged personal back to back loans with Bankwise procured by Araneta using the Company's funds as collateral, with the help of Lokin, in the amount of P35.3 million. On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC; a) actual damages in the sum of P31.5 million plus legal interest of 6% computed from May 26, 2010, the time of judicial demand until fully paid; b) P200,000 as and by way of exemplary damages; and c) P200,000 as and by way of attorney's fees, plus costs of suit. Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively. On January 16, 2018, the Court of Appeals (CA) required defendants to file Appellant's Brief within 45 days from receipt thereof. On April 20, 2018 and May 7, 2018, PHC received Lokin and Araneta's Appellant's Briefs, respectively. On June 5, 2018, PHC filed its Appellee's Brief. On September 18, 2018, PHC filed a Compliance submitting proof of service of its Appellee's Brief to defendants in accordance with the CA's Resolution dated July 2, 2018. On April 25, 2019, the CA issued a Decision granting Araneta's appeal. On May 30, 2019, PHC filed its Motion for Reconsideration of the said Decision. On July 11, 2019, Araneta filed his Comment thereto, in accordance with the Resolution dated June 6, 2019 issued by the CA to file the same. On October 24, 2019, the Court of Appeal issued a Resolution denying PHC's Motion for Reconsideration. On November 26, 2019, PHC elevated the case to the Supreme Court via Petition for Review on Certiorari under Rule 45. On March 9, 2020, Araneta filed his Comment. On July 21, 2023, Araneta filed a Motion for Early Resolution.

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

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

2020, PHC filed its Consolidated Comment/Opposition thereto. In ruling Brodett's Motion for Reconsideration, the Court again promulgated the case on December 2, 2020 and affirmed Brodett's conviction. He then filed an appeal on 3 December 2020.

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

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

- **Criminal complaint against Concepcion A. Poblador**

A criminal complaint for estafa was filed against Ms. Poblador for allegedly receiving cash advances amounting to P14.5 million, which she failed to account for and return to the Company after formal demands. On February 9, 2009, the DOJ issued a Resolution directing the filing of an information against Ms. Poblador only for P0.2 million. On January 7, 2014, the Company filed a Petition for Certiorari praying that the DOJ file new information against Ms. Poblador for estafa for the total amount of P16.7 million. On January 10, 2014, the Company received a Petition for Certiorari filed by Ms. Poblador seeking the reversal of the Resolution directing the filing of an Information for estafa against her for P0.2 million. On August 29, 2014, the two petitions were consolidated. On April 26, 2017, subsequent to the filing of the parties' respective Memoranda, the CA issued a Resolution requiring Ms. Poblador to file a Rejoinder to the Company's Reply (to the Memorandum of Poblador). In the meantime, the case was returned to "Completion State" pending the filing of the Rejoinder. Poblador filed her Rejoinder on June 1, 2017 under a Motion to Admit Attached Rejoinder. On November 29, 2017, Poblador filed a Manifestation adopting her previous Memorandum dated December 22, 2014 as her compliance with the Resolution dated October 11, 2017. The Office of the Solicitor General filed a Manifestation and Motion on November 24, 2017 asking that the DOJ Secretary be excused from filing a Memorandum. Based on the Resolution of the Court requiring the parties anew to file their respective Memorandum, PHC's (2nd) Memorandum was filed on December 13, 2017, within the extended period prayed for. (19) On June 14, 2019, the CA issued a Decision denying both PHC's and Ms. Poblador's Petitions for Certiorari. On July 5 and 11, 2019, both parties filed their respective Motions for Reconsideration. On July 24, 2019, PHC filed its Comment to Ms. Poblador's Motion for Reconsideration. On August 10, 2020, the CA issued a Resolution denying PHC and Ms. Poblador's Motions for Reconsideration. PHC decided not to pursue the case with the Supreme Court considering that the amount involved is already covered by the advances to affiliates case. On November 3, 2020, Poblador filed her Petition for Review with the Supreme Court. On 4 April 2022, PHC filed its Comment thereto, thereby the case is submitted for resolution.

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

#### **Item 4. Submission of Matters to a Vote of Security Holders**

Security holders are asked to vote on matters submitted during stockholders' meetings.

- (a) The 2024 Annual Stockholders' Meeting was held on 18 November 2024.

- (b) In the said Annual Stockholders' Meeting, the directors elected were Erlinda I. Bildner, Pablo L. Lobregat, Marietta K. Ilusorio, Daniel C. Gutierrez\*, Santiago J. Ranada, Prudencio C. Somera, Victoria C. de los Reyes, Kara Ponce-Enrile Rhounimi, Oliverio L. Laperal, Jr., Odilon T. Sta. Teresa and Demaree J. B. Raval. The last three (3) enumerated above were elected as independent directors under Section 38 of the Code and SRC Rule 38. Unfortunately, in January 2025, Atty. Daniel C. Gutierrez passed away and his seat remains vacant as of the date of this Report.
- (c) The matters voted upon and unanimously approved by the stockholders include the approval of the minutes of the previous meeting, the notation and approval of the management report and the audited financial statements, the ratification of acts of management and the committees and the appointment of the external auditor. In addition, all the votes were cast in favor of the election of the above-enumerated directors.
- (d) No matter not in the ordinary course of business was submitted to the vote of security holders.
- (e) The Corporation filed SEC Form 17-C containing similar information with the Commission and the Philippine Stock Exchange.

## PART II – OPERATIONAL AND FINANCIAL INFORMATION

### Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

#### (1) *Market Information*

The Corporation's shares of stock are listed on the Philippine Stock Exchange, though not currently traded due to the suspension imposed by the Commission and the Exchange. The authorized capital stock of the Corporation is one billion (1,000,000,000) shares, with a par value of P1.00 per share, of which sixty million (60,000,000) is listed in the Exchange. The SEC approved the registration of the remaining 940,000,000 shares on August 31, 2000 but the PSE deferred action on the Corporation's application upon the objection of then PCGG Chairman Camilo Sabio.

The principal market for the Corporation's common equity is the Philippine Stock Exchange. Trading of the corporation's shares has been suspended since May 2007, thus there have been no high and low sales prices within the last two (2) fiscal years and any subsequent period for which Financial Statements are required by SRC Rule 68.

#### (2) *Holders*

The Corporation has 1,196 stockholders and the following are the top 20 stockholders of the Corporation as of December 31, 2024:

| Name                                      | No. of Shares | Percentage |
|---|---------------|------------|
| Philippine Communications Satellite Corp. | 783,945,590   | 78.67%     |
| Prudencio Somera Jr.                      | 100,000,100   | 10.03%     |
| Oliverio G. Laperal                       | 49,556,500    | 4.97%      |
| PCD Nominee Corporation                   | 15,864,534    | 1.59%      |
| RCBC T/A 236-235                          | 4,802,413     | 0.48%      |
| Prince Resources, Inc.                    | 4,000,000     | 0.40%      |
| Victoria C. de los Reyes                  | 3,006,500     | 0.30%      |
| Santiago J. Ranada                        | 3,000,100     | 0.30%      |
| Marino Olondriz y Cia                     | 2,985,600     | 0.29%      |
| Jose Ma. Ozamiz                           | 2,700,000     | 0.27%      |
| RCBC T/A 36-250                           | 2,689,000     | 0.26%      |
| Philippine Oil Development Corporation    | 1,500,000     | 0.15%      |

|                            |           |       |
|----------------------------|-----------|-------|
| Bernadette Y. Blanco       | 1,000,000 | 0.10% |
| Imperial Resources, Inc.   | 800,000   | 0.08% |
| Oliverio Laperal           | 776,743   | 0.07% |
| Marietta K. Ilusorio       | 510,000   | 0.05% |
| Benjamin Co Ca & Co., Inc. | 504,300   | 0.05% |
| Dennis R. Manzanal         | 501,000   | 0.05% |
| Abraham R. Abesamis        | 500,000   | 0.05% |
| Lawrence A. Pagal          | 500,000   | 0.05% |

**(3) Dividends**

On November 21, 2022, the Corporation has declared a cash dividend of P0.05 for every common share. There are no restrictions that limit the payment of dividends on common shares at present, or in the future. No dividends were declared in 2023 and 2024.

**(4) Recent sales of Unregistered Securities or Exempt Securities; Recent Issuance of Securities Constituting an Exempt Transaction**

There has been no issuance of new securities, securities issued in exchange for property, services or other securities, and new securities resulting from the modification of outstanding securities.

**Item 6. Management's Discussion and Analysis or Plan of Operation.**

**(1) Management's Discussions and Analysis**

Prior to 2007, the Corporation was under the control of the nominees of the Presidential Commission on Good Government (PCGG), namely Enrique L. Locsin, Manuel A. Andal, Julio Jalandoni, Guy de Leon and ex-nominee Benito Araneta. Together with Philip Brodett, Atty. Luis Lokin, and Concepcion Poblador, they spent, invested in and made advances to failed ventures, mismanaged and dissipated the Company's funds.

Under the management of the Brodett-Araneta-Poblador-Lokin-Locsin Group, the Corporation incurred more than P600M in losses and caused the erosion of shareholders' equity from P1,458 million in 2004 to P855.5 million. The book value per share plummeted from P1.46 to P0.85, below the par value per share of P1.00.

In addition, in May 2007, PHC shares were suspended from trading due to the failure of the Brodett-Araneta-Poblador-Lokin-Locsin Group to file Audited Financial Statements with the SEC and PSE.

Upon the present Management's taking control of PHC from the Brodett-Araneta-Poblador-Lokin-Locsin Group, SGV & Co., was commissioned to identify and inventory the accounting records and documents of the Company under the former management from 2005 to 2007. Thereafter, an independent audit was conducted beginning with the year 2005. Thus, for the years 2006, the independent external auditors engaged by present Management have issued clean, unqualified opinions on the Company's AFS.

Present Management will continue to seek justice for its stockholders by filing cases to recover the company funds from the Brodett-Araneta-Poblador-Lokin-Locsin Group.

Insofar as operations are concerned, the Articles of Incorporation limit the business of the Corporation to money market trading and holding of investments. Thus, the bulk of the Corporation's revenue comes from interest income. In order to diversify, the Corporation set up a 100% owned subsidiary, Philcomsat Management Enterprises, Inc. (PMEI) which provides management and consultancy services and whose initial venture was the acquisition of Professional Stock Transfer, Inc., a stock transfer agency.

The Corporation is identifying and studying other business opportunities that will continue to provide it with income.

Together with its money market operations and investments, present Management was able to grow shareholder value from below P1.00, when it took over operations from the Brodett Group, to the current P1.49 per share.

Due to this limitation in the primary purpose of the Corporation, Management presented to the stockholders proposals to authorize the Corporation to engage in one of its secondary purposes which is to manage hotels and resorts and to enter into a management contract with the Montemar Beach Club, Inc. Both proposals were approved at the annual meeting held on 21 November 2022. The effects of this new business is expected to be reflected in the financial statements of the Corporation in the near future.

### **Results of Operations (Consolidated)**

#### **Operations and Financial Condition for the last three (3) Fiscal Years**

**Revenues:** In the fiscal year ended December 31, 2024, the Corporation generated revenue of P56.5 million compared to P55.9 million in 2023 and P63.5 million in 2022. Total comprehensive income was at P27.4 in 2024 compared to P8.8 million in 2023 and a loss of P14.3 million in 2022. While the Corporation posted a fair value gain on debt and equity instruments at FVOCI of P9.6 million in 2024, it posted losses of P9.1 million in 2023 and P49.5 million in 2022.

**Expenses:** Costs and expenses increased slightly in 2024 to P37.2 million in 2024 compared to P36.1 million in 2023 and P33.3 million in 2022.

**Operating and Net Income/Loss:** Profit for the year 2024 was at P17.8 million, compared to P17.9 million in 2023 and P35.1 million in 2022.

### **Income Statement (Consolidated) (P Million)**

|                                   | <b>2024</b> | <b>2023</b> | <b>2022</b>   |
|-----------------------------------|-------------|-------------|---------------|
| Revenue                           | 56.5        | 55.9        | 63.5          |
| Costs and Expenses                | (37.2)      | (36.0)      | (33.3)        |
| Gains or Losses on FX and Sales   | 1.3         | (2.7)       | 6.5           |
| Gross Profit                      | 20.5        | 16.9        | 36.7          |
| Provision for Tax                 | (2.7)       | 0.9         | (1.6)         |
| Net Income (Loss)                 | 17.8        | 17.9        | 35.1          |
| Other Comprehensive Income (Loss) | 9.6         | (9.1)       | (49.4)        |
| <b>TOTAL COMPREHENSIVE INCOME</b> | <b>27.4</b> | <b>8.8</b>  | <b>(14.3)</b> |

#### **Financial Position**

The company's comparative balance sheet is summarized below:

## Balance Sheet Accounts (Consolidated)

**Current Assets:** Current assets of the Corporation as of December 31, 2024 totaled P251.2 million, compared to P255.5 million in 2023 and P516.7 million in 2022. Of these amounts, cash and cash equivalents totaled P121.7 million in 2024, compared to P119.7 million in 2023 and P77.3 million in 2022. The Corporation has sufficient cash resources to meet any expected requirement during the next twelve (12) months. The Corporation's financial assets amounted to P910.7 million in 2024, compared to P912.4 in 2023 and P950.6 million in 2022.

**Liabilities:** The Corporation is substantially debt-free and has no material commitments for capital expenditures. Total current liabilities in 2024 was only P12.6 million, compared to P42.1 million in 2023 (which included P28.3 million due to a related party) and compared to P14.4 million in 2022.

**Deposit for Future Subscription:** This represents the excess amount of the market value of the two properties which Philcomsat contributed in exchange for the number of the Corporation's shares received; as such, this amount is for the account of Philcomsat's future subscription to Corporation's common shares.

**Stockholders' Equity:** This is the residual balance sheet amount after subtracting Liabilities from Assets. Stockholders' equity increased to P1,485.9 million in 2024, compared to P1,458.4 million in 2023 and P1,447.1 million in 2022.

### Balance Sheet (Consolidated) (P Million)

|                                     | 2024    | 2023    | 2022    |
|-------------------------------------|---------|---------|---------|
| Current Assets                      | 358.3   | 255.5   | 516.7   |
| Available-for-sale financial assets | 803.5   | 912.4   | 950.6   |
| Receivables                         | 0       | 0       | 5.0     |
| Other Assets                        | 355.7   | 351.8   | 9.6     |
| Total Assets                        | 1,517.6 | 1,519.7 | 1,481.9 |
| Current Liabilities                 | 12.6    | 42.1    | 14.4    |
| Non-current Liabilities             | 19.2    | 19.1    | 20.4    |
| Stockholders' Equity                | 1,485.9 | 1,458.5 | 1,447.3 |

### Key Performance Indicators ("KPI")

The Corporation's KPI for the years ended December 31, 2024, 2023 and 2022 are as follows:

| Performance Indicator | Formula  | 2024      | 2023     | 2022      |
|-----------------------|--|-----------|----------|-----------|
| <i>Liquidity</i>      |  |           |          |           |
| Current Ratio         | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$     | 28.55 : 1 | 6.07 : 1 | 35.83 : 1 |
| <i>Leverage</i>       |  |           |          |           |
| Debt to Equity Ratio  | $\frac{\text{Total Liabilities}}{\text{Stockholders' Equity}}$ | 0.02 : 1  | 0.04 : 1 | 0.02 : 1  |
| Asset to Equity Ratio | $\frac{\text{Total Assets}}{\text{Total Equity}}$              | 1.02 : 1  | 1.04 : 1 | 1.02 : 1  |
| <i>Profitability</i>  |  |           |          |           |
| Return on Assets      | $\frac{\text{Net Income}}{\text{Total Assets}}$                | 1%        | 1.19%    | 2.37%     |
| Return on Equity      | $\frac{\text{Net Income}}{\text{Total Equity}}$                | 1%        | 1.23%    | 2.42%     |

### Liquidity

The Corporation's current ratio for 2024 is 20.03:1, compared to 6.07:1 in 2023 and 35.83:1 in 2022. The Company's liquidity position remains strong.

### Leverage

Leverage is very low at 0.02:1 in 2024, compared to 0.04:1 in 2023 and 0.02:1 in 2022.

### Profitability

Return on Assets for 2024 is 1%, compared to 1.19% in 2023 and 2.37% in 2022 while Return on Equity for 2024 is 1%, compared to 1.23% in 2023 and 2.42% in 2022.

## Notes to Financial Statements

### *Accounting Policies and Principles*

The financial statements for the years 2024, 2023, and 2022, are presented in accordance with generally accepted accounting principles applied on a consistent basis.

### *Seasonality Aspects of the Business*

The operations of PHC are not affected by seasonality or cyclical.

*Past and Future Financial Condition and Results of Operations* – For 2022 and 2023, please refer to the above discussion. For prior years, please refer to the Corporation's previous annual reports. Inasmuch as there are no known material events or commitments that are likely to affect the Corporation, it is expected that the future financial condition and results of operation would remain the same as the present.

### *Material Changes*

#### (a) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

There is no known trend, event or uncertainty that would have a material impact on liquidity.

#### (b) Event that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation

There is no known event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

#### (c) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There is no off-balance sheet transaction, arrangement, obligation or other relationship with unconsolidated entities or persons during the reporting period.

(d) Material Commitments for capital expenditures and expected sources of funds for such expenditures.

The company has no material commitment for capital expenditures.

(e) Any Known Trends, Events or Uncertainties (Material Impact on Sales)

There is no known trend, event or uncertainty that will have a material impact on sales.

(f) Any Significant Elements of Income or Loss (from continuing operations)

There is no significant element of income from continuing operations.

(g) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)

- a. Increases and decreases in cash and cash equivalents, receivables, due from related parties, assets held for sale and investment properties and other increases in total assets as a result of payment by debtors of the Corporation in cash and in kind.
- b. Decrease in ROU assets as a result of accumulated depreciation.
- c. Decrease in due to a related party as a result of payment due and owing a related party.
- d. Decrease in lease liabilities as no additions were incurred during the year.
- e. Increase in income tax expense as a result of deferment of tax liabilities.

(h) Seasonal Aspects that have a Material Effect on the FS

None.

#### **Item 7. Financial Statements**

The report of independent accountants and the Consolidated and Separate Audited Financial Statements of the Corporation for the fiscal year ending 31 December 2024 are attached hereto as Annexes "A" and "A-1".

#### **Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures**

The Corporation reappointed Isla Lipana & Co. as its external auditor at the last Annual Stockholders' Meeting held on 18 November 2024.

There have been no disagreements between the Corporation and the external auditor on accounting and financial disclosures in the last two (2) fiscal years.

### PART III - CONTROL AND COMPENSATION INFORMATION

#### Item 9. Directors and Executive Officers of the Issuer

| Name, Age and Citizenship                | Position                        | Period Served   | Professional and Business Experience   |
|--|---------------------------------|---|--|
| Victoria C. de los Reyes, 74             | Director/<br>President/<br>CEO  | Directors since<br>November 2019;<br>President/CEO since<br>November 2023 | Partner, Roxas de los Reyes Laurel & Rosario Law Offices. Engaged in the general practice of law - specializing in corporate law, foreign investments, establishment of corporations and other corporate vehicles, registration of securities, JVs, M&As, proxy contests, intra-corporate disputes and domestic relations. |
| Erlinda I. Bildner, 78, Filipino         | Director/<br>Treasurer/<br>CFO  | April 2007 to<br>Present  | President and CEO-Philippine Communications Satellite Corporation, Vice-Chair and Director- Philippine Overseas Telecommunications Corporation, Director-Montemar Beach Club, Inc., Director and Chair, Finance Committee – Baguio Country Club  |
| Daniel C. Gutierrez, 68, Filipino        | Director                        | December 2007 to<br>January 2025  | Partner-Soo Gutierrez Leogardo & Lee Law Offices; Law Professor and Bar Reviewer- Arellano University, Director-IBP, former Trustee-GSIS   |
| Marietta K. Ilusorio, 73, Filipino       | Director                        | May 2010 to<br>Present  | Director and Vice President, Philippine Overseas Telecommunications Corporation; Director and Vice-President, Philippine Communications Satellite Corporation; Director, Montemar Beach Club, Inc.   |
| Pablo L. Lobregat, 70, Filipino          | Director                        | April 2007 to<br>Present  | President-Crystal Sugar Co., Inc., President/Chairman-Oceanic Wireless Network, Inc., President-Aerocom Investors & Managers, Inc., Director – Philippine Communications Satellite Corporation, Director-Philippine Overseas Telecommunications Corporation  |
| *Oliverio L. Laperal, Jr.,75, Filipino   | Director                        | November 2017 to<br>present   | Co-President and Director of Imperial Resources; Co-President and Managing Director of Filipinas Golf & Country Club; President & Managing Director of R.S. Video & Film Productions   |
| Prudencio C. Somera, Jr. 79, Filipino    | Director                        | August 2004 to<br>Present   | Director – TKC Steel Corporation; Licensed Stockbroker; Columnist – Philippine Daily Inquirer  |
| J. Santiago Ranada (ret), 87, Filipino   | Director                        | December 2013 to<br>Present   | Partner, Ranada, Malaya Sanchez & Simpao, Specializes in the banking, insurance, maritime and real estate industries and in corporate rehabilitation proceedings, 28 years of service in the Philippine Judiciary as RTC Judge and CA Justice  |
| Kara Ponce-Enrile Rhounimi, 46, Filipino | Director/<br>Vice-<br>President | November 2023 to<br>Present   | Senior Executive Vice-President for Property, JIC and JSC of JAKA Investments Corporation, President of Waning Crescent Arts, Inc.   |
| *Odilon T. Sta. Teresa, 65, Filipino     | Director                        | November 2024 to<br>Present   | President/CEO, SmartInfo, Inc., Asian Pacific Dragon Realty Corporation, Brightbeam Corporation, Recruitment Cetner, Philippines, Inc. and Director, Baguio Country Club Corporation.  |

|                                    |          |                          |  |
|------------------------------------|----------|--------------------------|--|
| *Demaree J. B. Raval, 70, Filipino | Director | November 2024 to Present | Vice-President and Trustee, Transparency International (Philippines), Inc. |
|------------------------------------|----------|--------------------------|--|

\*Independent director.

\*\* Term of Office – The above directors were elected during the Annual Stockholders' Meeting held on 18 November 2024.

**(2) Significant Employees**

As the Corporation has no regular employee at present, the executives and consultants of Philcomsat (the owner of 79% of the Corporation) are expected to make a significant contribution in enhancing the business of the Corporation and efficiently managing its operations.

**(3) Family Relationships**

None of the above-named directors and executive officers is related to another within the fourth (4th) civil degree of consanguinity or affinity, aside from Ms. Erlinda I. Bildner and Ms. Marietta K. Ilusorio who are sisters.

**(4) Involvement in Certain Legal Proceedings**

During the past five (5) years no incumbent director or executive officer was involved in any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; any conviction by final judgment in a criminal proceeding, domestic or foreign; any order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; or was found by a domestic or foreign court of competent jurisdiction in a civil action, the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation.

**Item 10. Executive Compensation**

**(1) and (2) Executive Officers**

| Name                       | Position        | Salary       | Allowance  | Bonus | Total               |
|----------------------------|-----------------|--------------|------------|-------|---------------------|
| Victoria C. de los Reyes   | President       | 27,222.22    |            |       | 27,222.22           |
| Kara Ponce Enrile Rhounimi | Vice President  | 895,000.00   |            |       | 895,000.00          |
| Erlinda I. Bildner         | Treasurer       | 1,250,000.00 |            |       | 1,250,000.00        |
| John Benedict L. Sioson    | Corp. Secretary | 510,000.00   | 133,333.32 |       | 643,333.32          |
| Clariza A. Reyes           | Asst. Secretary |              |            |       |                     |
| <b>Total</b>               |                 |              |            |       | <b>2,815,555.54</b> |

**(3) Compensation of Directors**

| Name                       | Position      | Salary     | Allowance  | Bonus | Total      |
|----------------------------|---------------|------------|------------|-------|------------|
| Victoria C. de los Reyes   | Director      | 299,444.42 | 27,222.22  |       | 326,666.64 |
| Kara Ponce Enrile Rhounimi | Director      | 375,000.00 | 25,000.00  |       | 400,000.00 |
| Erlinda I. Bildner         | Director      | 250,000.00 | 125,000.00 |       | 375,000.00 |
| Daniel C. Gutierrez        | Director      | 300,000.00 | 25,000.00  |       | 325,000.00 |
| Pablo L. Lobregat          | Director      | 300,000.00 | 25,000.00  |       | 325,000.00 |
| Oliverio L. Laperal, Jr.   | Ind. Director | 300,000.00 | 25,000.00  |       | 325,000.00 |
| Odilon T. Sta. Teresa      | Ind. Director | 25,000.00  |            |       | 25,000.00  |

|                          |               |            |  |           |              |
|--------------------------|---------------|------------|--|-----------|--------------|
| Marietta K. Ilusorio     | Director      | 300,000.00 |  | 25,000.00 | 325,000.00   |
| Santiago J. Ranada       | Director      | 300,000.00 |  | 25,000.00 | 325,000.00   |
| Prudencio C. Somera, Jr. | Director      | 300,000.00 |  | 25,000.00 | 325,000.00   |
| Demaree J. B. Raval      | Ind. Director | 25,000.00  |  |           | 25,000.00    |
| Total                    |               |            |  |           | 3,101,666.64 |

Aside from the foregoing, there are no other arrangements and contracts pursuant to which any director was or is to be compensated directly or indirectly during the last fiscal year and the ensuing year.

**(4) Employment Contracts/Termination of Employment/Change-in-Control Arrangements**

There are no employment contracts between the Corporation and any of its executive officers. There are likewise no compensatory plans or arrangements with respect to any executive officer which result or will result from his resignation, retirement or any other termination of his employment or from any change in control of the Corporation or a change in the executive officer's responsibilities following any change in control of the Corporation.

**(5) Warrants and Options Outstanding**

There are no outstanding warrants or options held by the Corporation's executive officers and directors. There is no action proposed to be taken with regard to any bonus, profit-sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director or executive officer of the Corporation will participate, any pension or retirement plan in which any such person will participate, and any granting or extension to any such person of any options, warrants or rights to purchase any securities.

**Item 11. Security Ownership of Certain Beneficial Owners and Management**

**(1) Security Ownership of Certain Record and Beneficial Owners**

As of 31 December 2024, and based on the latest available information, except for Philcomsat and Mr. Prudencio C. Somera, Jr., there is no other person or group, directly or indirectly appearing as stockholder on record or beneficial owner of more than 5% of any class of voting shares of the Corporation.

| Class | Name, Address of Record Owner and Relationship with Issuer | Name, Address of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | %   |
|-------|--|--|-------------|--------------------|-----|
| n/a   | n/a  | n/a  | n/a         | n/a                | n/a |

**(2) Security Ownership of Management**

As of 31 December 2023, the security ownership of management is as follows:

| Class  | Name   | Nature of Ownership | Citizenship | Percentage   |
|--------|--|---------------------|-------------|--------------|
| Common | Prudencio C. Somera, Jr.                     | (R)                 | Filipino    | 10.04%       |
| Common | Victoria C. de los Reyes                     | (R)                 | Filipino    | 0.30         |
| Common | Santiago J. Ranada                           | (R)                 | Filipino    | 0.30         |
| Common | Erlinda I. Bildner                           | (R)                 | Filipino    | -negligible- |
| Common | Kara Ponce-Enrile Rhounimi                   | (R)                 | Filipino    | -negligible- |
| Common | Directors and Officers as a Group<br>Unnamed | (R)                 | Filipino    | <11%         |

**(3) *Voting Trust Holders***

There are no persons holding more than 5% of a class under a voting trust agreement.

**(4) *Changes in Control***

There are no arrangements that may result in a change in control of the Corporation.

**Item 12. Certain Relationships and Related Transactions**

- (1) and (2) There is no transaction during the last two years or proposed transaction to which the Corporation was or is to be a party in which any director, executive officer, nominee for election as a director, security holder owning five percent (5%) or more or member of their immediate family had or is to have a direct or indirect material interest.
- (3) The Corporation is 79% owned by the Philippine Communications Satellite Corporation which in turn is wholly-owned by the Philippine Overseas Telecommunication Corporation. The remaining 21% is owned by Prudencio Somera, Jr. and the general public.
- (4) There has been no transactions with promoters in the past five (5) years.

**PART IV – CORPORATE GOVERNANCE**

**Item 13. Corporate Governance**

The details under this Item will be discussed in the Corporation's 2024 i-ACGR.

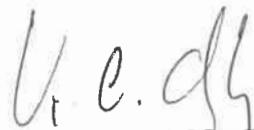
**Item 14. Exhibits and Reports**

- (a) Exhibits. Statement of Management's Responsibility for Financial Statements and Audited Financial Statements for the fiscal period ending 31 December 2024 as Annex "A" and "A-1".
- (b) Sustainability Report as required by the Securities and Exchange Commission as Annex "B".
- (c) Reports on SEC Form 17-C. During the last 6 months, the Corporation filed SEC Form 17-C detailing the matters taken up during the Annual Stockholders' Meeting held on 18 November 2024.

### SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Makati City on April 14, 2025.

By:

  
VICTORIA C. DE LOS REYES  
Chief Executive Officer/President

  
ERLINDA I. BILDNER  
Chief Operating and Financial Officer/Treasurer

  
MARIA CORAZON C. AQUINO  
Comptroller and Principal Accounting Officer

  
JOHN BENEDICT L. SIOSON  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this 14th day of April 2025, affiants exhibiting to me their identification as follows:

| Name                     | ID                   | Date of Issue            | Place of Issue |
|--------------------------|----------------------|--------------------------|----------------|
| Victoria C. de los Reyes | Senior Citizen 58406 | 07 May 2012              | Makati City    |
| Erlinda I. Bildner       | Senior Citizen 49633 | 20 September 2019        | Makati City    |
| Maria Corazon C. Aquino  | PRC ID No. 0097868   | valid until 27 July 2026 |                |
| John Benedict L. Sioson  | DL NO4-89-110776     | 17 September 2019        | LTO Makati     |

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Page No. 67  
Book No. XVII  
Series of 2025.

  
ATTY GERVACIO B. ORTIZ JR.  
Notary Public City of Makati  
Until December 31, 2026  
IBP No. 05729-Lifetime Member  
MCLE Compliance No. VII-0022734  
valid until April 14, 2025  
Appointment No. M-007 (2025-2026)  
PTR No. 10466005 Jan. 2, 2025/Makati  
Makati City Roll No. 40091  
101 Urban Ave, Campos Rueda Bldg.  
Brgy. Pio Del Pilar, Makati City



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To: PHC.BIRDOCS@gmail.com

Cc: PHC.BIRDOCS@gmail.com

Tue, Apr 15, 2025 at 9:06 PM

Hi PHILCOMSAT HOLDINGS CORPORATION,

### Valid files

- EAFS000471497RPTTY122024.pdf
- EAFS000471497OTH TY122024.pdf
- EAFS000471497ITRTY122024.pdf
- EAFS000471497AFSTY122024.pdf
- EAFS000471497TCRTY122024-01.pdf

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Transaction Code: **AFS-0-4Z3MSPZS0798H9H6KPQPV1ZRQ02VRTZ2R1**

Submission Date/Time: **Apr 15, 2025 09:06 PM**

Company TIN: **000-471-497**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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# COVER SHEET

SEC Registration Number

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## COMPANY NAME

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

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
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| A | V | E | . | , | M | A | K | A | T | I | C | I | T | Y |   |   |   |   |   |   |   |   |   |
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Secondary License Type, if Applicable

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| N | / | A |
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## COMPANY INFORMATION

Company's Email Address

[inquiry@phc.com.ph](mailto:inquiry@phc.com.ph)

Company's Telephone Number/s

(632) 8815-2517

Mobile Number

-

No. of Stockholders

1,196

Annual Meeting (Month/Day)

3<sup>rd</sup> Monday of November

Fiscal Year (Month/Day)

12/31

## CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ms. Erlinda I. Bildner

Email Address

-

Telephone Number/s

(632) 8815-8406

Mobile Number

-

## CONTACT PERSON's ADDRESS

12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City

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

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



# PHILCOMSAT HOLDINGS CORPORATION

12F Telecom Plaza 316 Sen. Gil Puyat Ave. 1200 City of Makati, Philippines  
Tel.No.: 8815-8406; Fax No.: 8816-2517 [www.phc.com.ph](http://www.phc.com.ph)

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Philcomsat Holdings Corporation (the Parent Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022, 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.

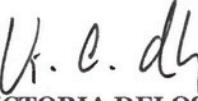
In preparing the financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Parent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

The Board of Directors is responsible for overseeing the Parent 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 or members.

Isla Lipana & Co., the independent auditor, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
**SANTIAGO J. BANADA**  
Chairman of the Board

  
**VICTORIA DELOS REYES**  
President

  
**ERLINDA I. BILDNER**  
Treasurer

Signed this 14<sup>th</sup> day of April 2025.

14 APR 2025

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2025 in  
**MAKATI CITY**, affiants exhibiting to me the following:

| <u>Name</u>             | <u>Government ID No.</u>    | <u>Place / Date of Issue</u>    |
|-------------------------|-----------------------------|---------------------------------|
| Santiago J. Ranada      | PP No. P0274808B            | DFA NCR East / 17 January 2019  |
| Victoria C. Delos Reyes | Senior Citizen ID No. 58406 | Makati City / 07 May 2012       |
| Erlinda I. Bildner      | Senior Citizen ID No. 49633 | Makati City / 20 September 2019 |

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Series of 2025

  
**ATTY. ROBERT M. LLUZA**  
NOTARY PUBLIC  
Until December 31, 2025  
Appt. No. M-053 Makati City  
IBP# 485352 for 2025  
SC Roll No. 59597  
PTR# 10464981 Jan. 02, 2025-Makati  
MCLE Compliance No. VIII-0021149  
Issued on 02-06-2025 Valid until 04-14-2028  
Unit 301 3<sup>rd</sup> Flr. Campos Rueda Bldg  
121 Urban Ave., Brgy. Pio del Pilar, Makati City

# Philcomsat Holdings Corporation

(A subsidiary of Philippine  
Communications Satellite  
Corporation)

**Separate Financial Statements**

As at and for the years ended December 31, 2024 and 2023



## Independent Auditor's Report

To the Board of Directors and Shareholders of  
**Philcomsat Holdings Corporation**  
(A subsidiary of Philippine Communications Satellite Corporation)  
12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Avenue, Makati City

### ***Report on the Audits of the Financial Statements***

#### **Our Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Philcomsat Holdings Corporation (the "Company") as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### *What we have audited*

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of total comprehensive income for the years ended December 31, 2024 and 2023;
- the statements of changes in equity for the years ended December 31, 2024 and 2023;
- the statements of cash flows for the years ended December 31, 2024 and 2023; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

#### **Basis for Opinion**

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philcomsat Holdings Corporation  
(A subsidiary of Philippine Communications Satellite Corporation)  
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**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 PSA 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 PSA, 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.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philcomsat Holdings Corporation  
(A subsidiary of Philippine Communications Satellite Corporation)  
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- 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 the Bureau of Internal Revenue Requirement***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 23 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read 'Carlos Federico C. de Guzman'.  
Carlos Federico C. de Guzman  
Partner  
CPA Cert. No. 110973  
P.T.R. No. 0011285, issued on January 03, 2025, Makati City  
TIN 229-481-265  
BIR AN: 08-000745-141-2023, issued October 23, 2023; effective until October 22, 2026  
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
April 15, 2025

**Philcomsat Holdings Corporation**  
 (A subsidiary of Philippine Communications Satellite Corporation)

Statements of Financial Position  
 As at December 31, 2024 and 2023  
 (All amounts in Philippine Peso)

|  | Notes | 2024                 | 2023                 |
|--|-------|----------------------|----------------------|
| <b>Assets</b>  |       |                      |                      |
| <b>Current assets</b>  |       |                      |                      |
| Cash and cash equivalents  | 2     | 100,711,315          | 111,132,301          |
| Receivables, net   | 3     | 112,659,909          | 115,547,881          |
| Due from related parties   | 16    | 5,000,000            | 6,938,183            |
| Financial assets at fair value through profit or loss<br>(FVTPL)             | 6     | 107,167,495          | -                    |
| Other current assets   |       | 377,129              | 301,018              |
|  |       | 325,915,848          | 233,919,383          |
| Assets held for sale   | 4     | 9,106,688            | 8,999,710            |
| <b>Total current assets</b>  |       | <b>335,022,536</b>   | <b>242,919,093</b>   |
| <b>Non-current assets</b>  |       |                      |                      |
| Financial assets at fair value through other<br>comprehensive income (FVOCI) | 6     | 803,483,538          | 912,363,316          |
| Investment in a subsidiary   | 7     | 25,000,000           | 25,000,000           |
| Investment property  | 8     | 341,226,375          | 335,615,126          |
| Right-of-use (ROU) asset, net  | 11    | -                    | 1,415,960            |
| Property and equipment, net  | 9     | 16,689               | 13,995               |
| Other non-current assets   | 5     | 7,212,624            | 8,047,319            |
| <b>Total non-current assets</b>  |       | <b>1,176,939,226</b> | <b>1,282,455,716</b> |
| <b>Total assets</b>  |       | <b>1,511,961,762</b> | <b>1,525,374,809</b> |
| <b>Liabilities and Equity</b>  |       |                      |                      |
| <b>Current liabilities</b>   |       |                      |                      |
| Trade and other payables   | 10    | 6,345,444            | 6,184,638            |
| Due to related parties   | 16    | 78,106               | 46,895,352           |
| Dividends payable  | 12    | 5,184,637            | 5,184,637            |
| Lease liability  | 11    | -                    | 1,487,184            |
| <b>Total current liabilities</b>   |       | <b>11,608,187</b>    | <b>59,751,811</b>    |
| <b>Non-current liabilities</b>   |       |                      |                      |
| Deferred income tax liability  | 15    | 331,878              | -                    |
| Deposit for future stock subscription  | 16    | 18,894,000           | 18,894,000           |
| <b>Total non-current liabilities</b>   |       | <b>19,225,878</b>    | <b>18,894,000</b>    |
| <b>Total liabilities</b>   |       | <b>30,834,065</b>    | <b>78,645,811</b>    |
| <b>Equity</b>  |       |                      |                      |
| Share capital  | 12    | 996,391,254          | 996,391,254          |
| Retained earnings  |       | 512,916,412          | 486,778,623          |
| Other equity reserves  | 6     | (28,179,969)         | (36,440,879)         |
| <b>Total equity</b>  |       | <b>1,481,127,697</b> | <b>1,446,728,998</b> |
| <b>Total liabilities and equity</b>  |       | <b>1,511,961,762</b> | <b>1,525,374,809</b> |

(The notes on pages 1 to 35 are integral part of these financial statements)

**Philcomsat Holdings Corporation**  
 (A subsidiary of Philippine Communications Satellite Corporation)

Statements of Total Comprehensive Income  
 For the years ended December 31, 2024 and 2023  
 (All amounts in Philippine Peso, except earnings per share)

|   | <b>Notes</b> | <b>2024</b>       | <b>2023</b>       |
|---|--------------|-------------------|-------------------|
| Income  | 13           | 56,013,654        | 47,119,554        |
| Operating expenses  | 14           | (30,718,372)      | (29,771,288)      |
| Other (expense) income, net   |              |                   |                   |
| Gain on extinguishment of debt  | 16           | -                 | 36,971            |
| Realized gain on sale of debt instrument measured at FVOCI                  | 6            | (14,591)          | (2,540,681)       |
| Unrealized foreign exchange gain (loss), net                                |              | 1,327,511         | (272,199)         |
| Finance cost  | 11           | (48,296)          | (117,625)         |
| <b>Profit before income tax</b>   |              | <b>26,559,906</b> | <b>14,454,732</b> |
| Income tax (expense) benefit  | 15           | (1,807,328)       | 1,335,734         |
| <b>Profit for the year</b>  |              | <b>24,752,578</b> | <b>15,790,466</b> |
| <b>Other comprehensive income (loss)</b>                                    |              |                   |                   |
| <i>Item that may subsequently be reclassified to profit or loss</i>         |              |                   |                   |
| Fair value gain on debt instruments at FVOCI                                |              | 1,179,729         | 7,081,074         |
| <i>Item that will not to be subsequently reclassified to profit or loss</i> |              |                   |                   |
| Fair value gain (loss) on equity instruments at FVOCI                       |              | 8,451,801         | (16,137,490)      |
|   | 6            | 9,631,530         | (9,056,416)       |
| <b>Total comprehensive income for the year</b>                              |              | <b>34,384,108</b> | <b>6,734,050</b>  |
| <b>Earnings per share (basic and diluted)</b>                               | 17           | <b>0.0248</b>     | <b>0.0158</b>     |

(The notes on pages 1 to 35 are integral part of these financial statements)

**Philcomsat Holdings Corporation**  
 (A subsidiary of Philippine Communications Satellite Corporation)

Statements of Changes in Equity  
 For the years ended December 31, 2024 and 2023  
 (All amounts in Philippine Peso)

|  | <b>Share capital<br/>(Note 12)</b> | <b>Retained<br/>earnings</b> | <b>Other equity<br/>reserves<br/>(Note 6)</b> | <b>Total equity</b>  |
|--|------------------------------------|------------------------------|---|----------------------|
| <b>Balances at January 1, 2023</b>   | 996,391,254                        | 472,356,671                  | (31,293,658)                                  | 1,437,454,267        |
| <b>Comprehensive income</b>  |                                    |                              |   |                      |
| Profit for the year  | -                                  | 15,790,466                   | -   | 15,790,466           |
| Other comprehensive loss for the year  | -                                  | -                            | (9,056,416)                                   | (9,056,416)          |
| <b>Total comprehensive loss for the year</b>   | <b>-</b>                           | <b>15,790,466</b>            | <b>(9,056,416)</b>                            | <b>6,734,050</b>     |
| Transfer of loss on disposal of FVOCI<br>equity instruments  | -                                  | (1,368,514)                  | 1,368,514                                     | -                    |
| Reclassification of cumulative fair value<br>changes of debt instruments measured at<br>FVOCI sold to profit or loss | -                                  | -                            | 2,540,681                                     | 2,540,681            |
| <b>Balances at December 31, 2023</b>   | <b>996,391,254</b>                 | <b>486,778,623</b>           | <b>(36,440,879)</b>                           | <b>1,446,728,998</b> |
| <b>Comprehensive income</b>  |                                    |                              |   |                      |
| Profit for the year  | -                                  | 24,752,578                   | -   | 24,752,578           |
| Other comprehensive loss for the year  | -                                  | -                            | 9,631,530                                     | 9,631,530            |
| <b>Total comprehensive income for the year</b>   | <b>-</b>                           | <b>24,752,578</b>            | <b>9,631,530</b>                              | <b>34,384,108</b>    |
| Transfer of gain on disposal of FVOCI<br>equity instruments  | -                                  | 1,385,211                    | (1,385,211)                                   | -                    |
| Reclassification of cumulative fair value<br>changes of debt instruments measured at<br>FVOCI sold to profit or loss | -                                  | -                            | 14,591  | 14,591               |
| <b>Balances at December 31, 2024</b>   | <b>996,391,254</b>                 | <b>512,916,411</b>           | <b>(28,179,969)</b>                           | <b>1,481,127,697</b> |

(The notes on pages 1 to 35 are integral part of these financial statements)

**Philcomsat Holdings Corporation**  
 (A subsidiary of Philippine Communications Satellite Corporation)

Statements of Cash Flows  
 For the years ended December 31, 2024 and 2023  
 (All amounts in Philippine Peso)

|   | Notes | 2024          | 2023          |
|---|-------|---------------|---------------|
| <b>Cash flows from operating activities</b>                 |       |               |               |
| Profit before income tax                                    |       | 26,559,906    | 14,454,732    |
| Adjustments for:  |       |               |               |
| Depreciation of ROU asset                                   | 11,14 | 1,415,960     | 1,415,960     |
| Depreciation of property and equipment                      | 9,14  | 11,145        | 8,840         |
| Provision for impairment of receivables                     | 3,14  | -             | 1,536,568     |
| Impairment of assets held for sale                          | 4,14  | 1,125,882     | 1,150,790     |
| Interest expense  | 11    | 48,296        | 117,625       |
| Unrealized foreign exchange loss (gain)                     |       | (1,327,511)   | 272,199       |
| Gain on extinguishment of debt                              | 16    | -             | (36,971)      |
| Realized loss on sale of debt instruments measured at FVOCI | 6     | 14,591        | 2,540,681     |
| Operating cash flows before changes in working capital      |       | 27,848,269    | 21,460,424    |
| (Decrease) Increase in:                                     |       |               |               |
| Receivables   | 3     | 2,887,972     | (1,804,380)   |
| Due from related parties                                    | 16    | 1,938,183     | (211,868)     |
| Assets held for sale  |       | (1,232,860)   | -             |
| Other current assets  | 5     | (76,111)      | 71,901        |
| Other non-current assets                                    |       | 1,731,108     | (5,045,370)   |
| Increase in:  |       |               |               |
| Trade and other payables                                    | 10    | 160,806       | 1,307,123     |
| Due to related parties                                      |       | (46,817,246)  | 169,404       |
| Net cash generated (used in) from operations                |       | (13,559,879)  | 15,947,234    |
| Acquisitions of:  |       |               |               |
| Financial assets at FVOCI                                   | 6     | (235,150,268) | (280,073,815) |
| Proceeds from redemption and maturity of:                   |       |               |               |
| Financial assets at FVOCI                                   | 6     | 246,494,080   | 309,267,371   |
| Income taxes paid   |       | (2,371,862)   | -             |
| Net cash (used in) from operating activities                |       | (4,587,929)   | 45,140,790    |
| <b>Cash flows used in investing activities</b>              |       |               |               |
| Proceeds from sale of investment property                   |       | (5,611,249)   | -             |
| Additions to property and equipment                         | 9     | (13,839)      | -             |
| Net cash used in investing activities                       |       | (5,625,088)   | -             |
| <b>Cash flows from financing activities</b>                 |       |               |               |
| Dividends paid  | 12    | -             | (3,787,870)   |
| Payments of:  |       |               |               |
| Lease liability   | 11    | (1,487,184)   | (1,344,736)   |
| Interest expense on lease liability                         | 11    | (48,296)      | (117,625)     |
| Net cash used in financing activities                       |       | (1,535,480)   | (5,250,231)   |
| <b>Net increase (decrease) in cash</b>                      |       | (11,748,497)  | 39,890,559    |
| Cash and cash equivalents at beginning of year              |       | 111,132,301   | 71,513,941    |
| Effect of foreign exchange rates changes                    |       | 1,327,511     | (272,199)     |
| <b>Cash and cash equivalents as at end of year</b>          | 2     | 100,711,315   | 111,132,301   |

(The notes on pages 1 to 35 are integral part of these financial statements)

## **Philcomsat Holdings Corporation**

(A subsidiary of Philippine Communications Satellite Corporation)

### Notes to the Financial Statements

As at and for the years ended December 31, 2024 and 2023

(All amounts are shown in Philippine Peso, unless otherwise stated)

## **1 General information**

### **1.1 Corporate information**

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

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

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

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

On May 23, 2016, the Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Company from P1.0 billion, divided into 1,000,000,000 shares with par value of P1 per share, to P30 billion, divided into 3,000,000,000 shares with par value of P1 per share. As at each report date, the resolution is awaiting ratification by the stockholders and pending application with SEC.

The Company is 79.94% owned by Philippine Communications Satellite Corporation (Philcomsat), a company incorporated in the Philippines. The ultimate parent company is Philippine Overseas Telecommunications Corporation (POTC), a company also incorporated in the Philippines. Philcomsat and POTC are both engaged in the telecommunications business.

The registered address, and principal place of business, of the Company is at 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City.

### **1.2 Listing of shares in Philippine Stock Exchange (PSE)**

The Company's original 60 million shares are listed and used to be traded in the PSE.

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

On April 1, 2014, the Company, through its legal counsel, submitted to the SEC three (3) letter request for the lifting of the order of suspension and for a compromise payment of the penalties. The SEC, on December 29, 2015, lifted the order of suspension and directed the Company to file an updated Registration Statement.

As at the date of report, the Company is still in the process of updating its Registration Statement.

### 1.3 Approval of the separate financial statements

The separate financial statements of the Company were approved and authorized for issue by the BOD on April 14, 2025.

### 2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

|                       | 2024        | 2023        |
|-----------------------|-------------|-------------|
| Cash on hand          | 5,711       | 6,100       |
| Cash in banks         | 33,474,633  | 35,045,730  |
| Short-term placements | 67,230,971  | 76,080,471  |
|                       | 100,711,315 | 111,132,301 |

Cash in banks earn interest at prevailing bank deposit rates.

Cash equivalents pertain to special savings and time deposits, with terms of varying periods up to three (3) months and earn interest at prevailing special savings and time deposits rates.

Interest income earned from cash and cash equivalents for the year ended December 31, 2024 amounted to P2,996,890 (2023 - P2,632,613) (Note 13).

### 3 Receivables

Receivables as at December 31 consist of:

|   | Note | 2024        | 2023        |
|---|------|-------------|-------------|
| Notes and loans receivable                                |      |             |             |
| Corporate notes   | 16   | 68,654,553  | 75,524,767  |
| Promissory notes issued by various financial institutions |      | 39,944,922  | 34,000,000  |
| Interest receivables                                      |      | 4,297,941   | 7,526,350   |
| Dividend receivables                                      |      | 97,763      | 33,332      |
| Less: Allowance for ECL                                   |      | (1,536,568) | (1,536,568) |
| Other receivable  |      | 1,201,298   | -           |
|   |      | 112,659,909 | 115,547,881 |

As at December 31, 2024 and 2023, all outstanding amount of receivables are collectible in cash, interest bearing and unguaranteed.

Movements in the allowance for ECL are summarized below:

|   | Note | 2024      | 2023      |
|---|------|-----------|-----------|
| Beginning balance                       |      | 1,536,568 | -         |
| Provision for impairment of receivables | 14   | -         | 1,536,568 |
| Balance at end of year                  |      | 1,536,568 | 1,536,568 |

#### *Corporate notes*

Unsecured corporate notes outstanding as at December 31, 2024 and 2023 pertain to short-term corporate promissory notes issued by various entities, with terms of thirty-five days up to one year and earn interest ranging from 5.5% to 11.0% per annum.

#### *Promissory notes issued by financial institutions*

Unsecured promissory notes issued by various financial institutions with original terms ranging from two to ten years and earn interest ranging from 4% to 7% per annum.

In 2024, interest income earned from corporate notes and promissory notes issued by various financial institutions amounted to P5,049,713 (2023 - P8,102,129) (Note 13).

#### *Critical accounting estimate: Provision for impairment of receivables*

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Expected credit losses (ECL) on receivables are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company has used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

Management believes, based on its assessment that the carrying amount of receivables as at each reporting period is recoverable.

#### **4 Assets held for sale**

In 2024, the Company obtained equipment and furniture valued at P 4,207,629 (2023 - P10,150,450) as a form of repayment of its notes receivable from one of its debtors. These assets were obtained with the intention to sell to its affiliate companies and is expected to be completed within the next 12 months. As such, these were classified as non-current assets held for sale in the statement of financial position. These assets are measured at the lower of carrying amount and fair value less cost to sell at the time of recognition and as a result in 2024, an impairment loss of P1,125,882 (2023 - 1,150,790) was recognized (Note 14).

As at December 31, 2024, the carrying amount of the assets held for sale is P9,106,688 (2023 - P8,999,710).

For purposes of statements of cash flows reporting, the exchange of equipment and furniture, and notes receivable amounting to P4,207,629 (2023 - P10,150,450) is considered a non-cash operating and investing activity.

#### **5 Other non-current assets**

Other non-current assets as at December 31 consist of:

|                                  | 2024             | 2023             |
|----------------------------------|------------------|------------------|
| Creditable withholding tax (CWT) | 5,027,687        | 4,131,274        |
| Input value-added tax (VAT)      | 2,184,937        | 3,916,045        |
|                                  | <b>7,212,624</b> | <b>8,047,319</b> |

#### *Critical accounting judgement: Recoverability of CWT and input VAT*

The Company reviews at each reporting date whether there is any objective evidence that the Company's CWT and input VAT is impaired. In making this judgment, the Company evaluates its revenues and taxable income forecasts against which the CWT and input VAT can be applied. Management believes that the carrying amount of input VAT as at each reporting period will be utilized and can be applied against output VAT payable arising from other income.

CWT is recognized to the extent that it is probable that future tax liabilities will be available against which tax credits can be utilized. Determining the realizability of creditable withholding taxes requires the assessment of the availability of taxable profit expected to be generated from the operations which effectively drives the tax liabilities against which such creditable taxes can be applied.

Management believes that the carrying amount of CWT as at each reporting date is recoverable.

## 6 Financial assets at FVTPL; Financial assets at FVOCI

Financial assets at FVTPL and FVOCI as at December 31 consist of:

|                                    | 2024        | 2023        |
|------------------------------------|-------------|-------------|
| <b>FVTPL</b>                       |             |             |
| Investment in UITF                 | 107,167,495 | -           |
| <b>FVOCI</b>                       |             |             |
| Investments in:                    |             |             |
| Quoted bonds                       | 515,425,938 | 580,377,590 |
| Quoted shares of stocks            | 248,757,600 | 181,171,339 |
| Unit investment trust funds (UITF) | -           | 111,514,387 |
| Club memberships                   | 9,300,000   | 9,300,000   |
| Unquoted shares of stocks          | 30,000,000  | 30,000,000  |
|                                    | 803,483,538 | 912,363,316 |
|                                    | 910,651,033 | 912,363,316 |

Movements of financial assets at FVTPL and FVOCI for the years ended December 31 are as follows:

|                                 | Cost          | Fair value reserve | Carrying value |
|---------------------------------|---------------|--------------------|----------------|
| <b>At January 1, 2023</b>       | 981,906,946   | (31,293,658)       | 950,613,288    |
| Acquisitions                    | 280,073,815   | -                  | 280,073,815    |
| Disposals                       | (313,176,566) | 3,909,195          | (309,267,371)  |
| Unrealized loss charged to OCI  | -             | (9,056,416)        | (9,056,416)    |
| <b>At December 31, 2023</b>     | 948,804,195   | (36,440,879)       | 912,363,316    |
| Acquisitions                    | 235,150,268   | -                  | 235,150,268    |
| Disposals                       | (245,123,461) | (1,370,620)        | (246,494,081)  |
| Unrealized gain credited to OCI | -             | 9,631,530          | 9,631,530      |
| <b>At December 31, 2024</b>     | 938,831,002   | (28,179,969)       | 910,651,033    |

The movements in fair value reserve on FVOCI included in the statements of financial position in equity for the years ended December 31 are as follows:

|   | 2024                | 2023                |
|---|---------------------|---------------------|
| Beginning balance   | (36,440,879)        | (31,293,658)        |
| Fair value changes recorded in OCI  | 9,631,530           | (9,056,416)         |
| Reclassification of cumulative fair value changes from OCI to profit or loss on disposal of debt instruments at FVOCI | 14,591              | 2,540,681           |
| Transfer from other reserves directly to retained earnings of loss (gain) on disposal of equity instruments at FVOCI  | (1,385,211)         | 1,368,514           |
| <b>Ending balance</b>   | <b>(28,179,969)</b> | <b>(36,440,879)</b> |

Interest income earned from financial assets at FVOCI in 2024 amounted to P27,568,990 (2023 - P25,278,234) (Note 13).

Dividend income earned from financial assets at FVOCI in 2024 amounted to P19,271,991 (2023 - P10,001,334) (Note 13).

For the year ended December 31, 2024, realized loss on sale of debt instruments at FVOCI recognized directly to profit or loss amounted to P14,591 (2023 - P2,540,681).

For the year ended December 31, 2024, realized gain on sale of equity instruments at FVOCI recognized directly to retained earnings amounted to P1,385,211 (2023 - P1,368,514 loss).

The fair values of these financial assets are determined based on quoted market bid prices at the close of business as at reporting date since most of these are actively traded in an organized financial market. The fair value measurement of the financial assets at FVOCI is classified as Level 1 (Quoted bonds, shares of stock and club memberships) and level 2 (UITF) and Level 3 (unquoted shares of stock).

*Critical accounting estimate: Fair value of financial instruments*

Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models that primarily uses as inputs market based or independently sourced market parameters. The Company's financial assets at FVOCI as at December 31, 2024 and 2023 comprise primarily of equity and debt securities traded in the Philippine Stock Exchange (PSE) which has an active market, wherein securities are traded or can be bought and sold. Financial assets at FVOCI measured using Level 2 and Level 3 inputs are not material.

The sensitivity analysis on the reasonable possible changes in market prices of the Company's securities is disclosed in Note 21.

**7 Investment in a subsidiary**

Investment in a subsidiary as at December 31, 2024 and 2023 represent 100% equity shares in Philcomsat Management Enterprises, Inc. (PMEI) with a total investment cost of P25,000,000.

PMEI is engaged in providing business management services, business conceptualization, and allied services, including acquiring, holding and operating businesses.

There are no guarantees extended by the Company to the subsidiary.

*Critical accounting judgement: Recoverability of investment in a subsidiary*

The Company's investment in subsidiary is carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those assessment and judgment could have a significant effect on the carrying value of investment in a subsidiary and the amount and timing of recorded provision for any period.

Management believes that there are no other events or changes in circumstances indicating that the carrying amounts of the investments in a subsidiary as at each reporting dates may not be recoverable.

**8 Investment property**

- On December 29, 2023, the Company obtained nine parcels of land through dacion en pago with a related party amounting to P335,615,126 and covering three hundred eighty-three thousand nine hundred ninety-nine (383,999) square meters located at Ibis, Bagac, Bataan (Note 16). The land's title is currently being processed for transfer to the name of PHC. As at December 31, 2023, the land's title is currently being processed for transfer to the name of PHC. In 2024, the Company capitalized transaction costs necessary to transfer the title of the Land to PHC amounting to P5,611,249. As at December 31, 2024, the total cost of the aforementioned land amounted to P341,226,375.

Level 2 fair values of investment properties have been derived using the market approach. In using the market approach, the value of the investment property as at December 31, 2024 was based on recorded sales and listings (or asking prices) of comparable property registered within the vicinity amounted to P383,999,000 (2023 - P383,999,000). Management developed these estimates on the basis of recorded sales and listing (or asking prices) of comparable properties registered within the vicinity of the respective land properties. The most significant input into this valuation approach is the zonal value price per square foot.

The investment property was not pledged as security for any liabilities as at each reporting period.

*Critical accounting judgement: Recoverability of investment property*

The Company's investment property is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. On a regular basis, management determines if there are triggering events or impairment indicators based on current circumstances. An impairment loss is recognized whenever evidence exists that the carrying value is not recoverable.

As at each reporting period, Management believes, based on its assessment and judgment, that there are no indications of impairment or changes in circumstances indicating that the carrying amount of its investment property may be impaired.

**9 Property and equipment, net**

Property and equipment, net as at December 31 consist of:

|   | Transportation equipment | Furniture and fixtures | Office equipment | Total       |
|---|--------------------------|------------------------|------------------|-------------|
| <b>At January 1, 2023</b>                   |                          |                        |                  |             |
| Cost  | 5,011,638                | 3,486,626              | 534,548          | 9,032,812   |
| Accumulated depreciation                    | (5,011,638)              | (3,486,626)            | (511,713)        | (9,009,977) |
| Net carrying value                          | -                        | -                      | 22,835           | 22,835      |
| <b>For the year ended December 31, 2023</b> |                          |                        |                  |             |
| Opening carrying value                      | -                        | -                      | 22,835           | 22,835      |
| Depreciation expense (Note 14)              | -                        | -                      | (8,840)          | (8,840)     |
| Closing net carrying value                  | -                        | -                      | 13,995           | 13,995      |
| <b>At January 1, 2024</b>                   |                          |                        |                  |             |
| Cost  | 5,011,638                | 3,486,626              | 534,548          | 9,032,812   |
| Accumulated depreciation                    | (5,011,638)              | (3,486,626)            | (520,553)        | (9,018,817) |
| Net carrying value                          | -                        | -                      | 13,995           | 13,995      |
| <b>For the year ended December 31, 2024</b> |                          |                        |                  |             |
| Opening carrying value                      | -                        | -                      | 13,995           | 13,995      |
| Additions                                   | -                        | -                      | 13,839           | 13,839      |
| Depreciation expense (Note 14)              | -                        | -                      | (11,145)         | (11,145)    |
| Closing net carrying value                  | -                        | -                      | 16,689           | 16,689      |
| <b>At December 31, 2024</b>                 |                          |                        |                  |             |
| Cost  | 5,011,638                | 3,486,626              | 548,387          | 9,046,651   |
| Accumulated depreciation                    | (5,011,638)              | (3,486,626)            | (531,698)        | (9,029,962) |
| Net carrying value                          | -                        | -                      | 16,689           | 16,689      |

**10 Trade and other payables**

Trade and other payables as at December 31 consist of:

|                                 | 2024      | 2023      |
|---------------------------------|-----------|-----------|
| Trade payables                  | 5,842,214 | 3,141,150 |
| Payables to government agencies | 503,230   | 3,043,488 |
|                                 | 6,345,444 | 6,184,638 |

Trade payables are non-interest bearing and are normally settled on a 30-day credit term.

Customer deposits pertains to rental deposits received from the lessee of condominium units and parking slots which were sold in 2018.

## 11 Lease commitments

### *The Company as a lessee*

The Company has a lease agreement with Philcomsat for its office space for a term of two years subject to renewal under mutual agreement of both parties from January 1, 2019 to December 31, 2020.

On January 1, 2021, the lease contract was renewed for another 2 years until December 31, 2022. The annual rent was subject to escalation fee of 5%.

In 2023, the Company entered a new contract of lease with Philcomsat for its office space for a term of two years from January 1, 2023 to December 31, 2024 which is renewable for such period as both parties may agree after expiration of the contract. The Company subsequently renewed its lease contract for another term in 2025

#### *(i) Amounts recognized in the statements of financial position*

Movements in the ROU asset as at December 31 are presented below:

|                                | Note | 2024        | 2023        |
|--------------------------------|------|-------------|-------------|
| Net carrying amount, beginning |      | 1,415,960   | -           |
| Additions                      |      | -           | 2,831,920   |
| Depreciation                   | 14   | (1,415,960) | (1,415,960) |
| Net carrying amount, ending    |      | -           | 1,415,960   |

Details of ROU asset as at December 31 are as follows:

|                          | 2024        | 2023        |
|--------------------------|-------------|-------------|
| Cost                     | 2,831,920   | 2,831,920   |
| Accumulated depreciation | (2,831,920) | (1,415,960) |
|                          | -           | 1,415,960   |

Movements in the lease liability as at December 31 are presented below:

|                   | 2024        | 2023        |
|-------------------|-------------|-------------|
| Beginning balance | 1,487,184   | -           |
| Additions         | -           | 2,831,920   |
| Interest expense  | 48,296      | 117,625     |
| Payments          | (1,535,480) | (1,462,361) |
| Ending balance    | -           | 1,487,184   |

Total cash outflows for the payment of lease liability for the year ended December 31, 2024 amounted to P1,535,480 (2023 - P1,462,361).

Future minimum lease payments under lease liability and the net present value of the minimum lease payments as at December 31 follows:

|   | 2024 | 2023      |
|---|------|-----------|
| Not later than one year                         | -    | 1,535,480 |
| Less: future finance charges on lease liability | -    | (48,296)  |
|   | -    | 1,487,184 |

(ii) *Amounts recognized in the statements of total comprehensive income*

The statements of total comprehensive income for the years ended December 31 show the following amounts relating to leases:

|                             | Note | 2024      | 2023      |
|-----------------------------|------|-----------|-----------|
| Depreciation on ROU asset   | 14   | 1,415,960 | 1,415,946 |
| Interest on lease liability |      | 48,296    | 117,625   |
|                             |      | 1,464,256 | 1,533,585 |

*Critical accounting estimate: Determining the incremental borrowing rate*

To determine the incremental borrowing rate, the Company uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Company uses the government bond yield, adjusted for the (1) credit spread specific to each entity under the Company and (2) security using the ROU asset.

*Critical accounting judgment: Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

## **12 Equity**

*Share capital*

Details of share capital as at December 31, 2024 and 2023 are as follows:

|   | Number of shares | Amount        |
|---|------------------|---------------|
| Common shares at P1 par value per share   |                  |               |
| Authorized shares                         | 1,000,000,000    | 1,000,000,000 |
| Subscribed, issued and outstanding shares | 996,391,254      | 996,391,254   |

Of the total authorized share capital, sixty million (60,000,000) shares are listed at the Philippine Stock Exchange (PSE).

Each common share confers upon a common shareholder: a) the right to vote at any shareholders' meeting or on any resolution of the shareholders; and b) the right to distribution of income under such terms and conditions as the BOD may approve. All holders of common shares shall have pre-emptive rights to acquire new shares to be issued by the Parent Company.

*Dividends declaration*

During the meeting of the Company's BOD held on November 21, 2022, the Company's BOD approved the declaration and distribution of a special cash dividend of P0.05 per share to all stockholders of record as of December 7, 2022 (or a total of P49,819,563), to be paid not later than January 5, 2023.

## 13 Income

Income for the years ended December 31 are as follows:

|                      | Notes | 2024       | 2023       |
|----------------------|-------|------------|------------|
| Interest income      | 2,3,6 | 35,615,593 | 36,012,976 |
| Dividend income      | 6     | 19,271,991 | 10,001,334 |
| Miscellaneous income | 10    | 1,126,070  | 1,105,244  |
|                      |       | 56,013,654 | 47,119,554 |

Interest income included in revenue is earned from the following:

|                           | Notes | 2024       | 2023       |
|---------------------------|-------|------------|------------|
| Cash and cash equivalents | 2     | 2,996,890  | 2,632,613  |
| Receivables               | 3     | 5,049,713  | 8,102,129  |
| Financial assets at FVOCI | 6     | 27,568,990 | 25,278,234 |
|                           |       | 35,615,593 | 36,012,976 |

## 14 Operating expenses

Operating expenses for the years ended December 31 are as follows:

|   | Notes | 2024       | 2023       |
|---|-------|------------|------------|
| Professional fees                       |       | 10,960,627 | 9,472,666  |
| Representation and entertainment        |       | 3,570,316  | 2,948,410  |
| Outside services                        |       | 3,538,788  | 3,137,717  |
| Directors' fees                         | 16    | 3,000,000  | 3,425,000  |
| Transportation and travel               |       | 2,201,341  | 2,439,129  |
| Bank charges                            |       | 1,980,131  | 1,710,838  |
| Depreciation of ROU asset               | 11    | 1,415,960  | 1,415,960  |
| Impairment of assets held for sale      | 4     | 1,125,882  | 1,150,790  |
| Taxes and licenses                      |       | 520,022    | 319,789    |
| Legal fees                              |       | 150,898    | 814,196    |
| Advertising                             |       | 126,968    | 296,339    |
| Depreciation                            | 9     | 11,145     | 8,840      |
| Provision for impairment of receivables | 3     | -          | 1,536,568  |
| Others                                  |       | 2,116,294  | 1,095,046  |
|   |       | 30,718,372 | 29,771,288 |

## 15 Income tax

### Income tax expense

The components of income tax expense (benefit) for the years ended December 31 are as follows:

|                                     | 2024      | 2023        |
|-------------------------------------|-----------|-------------|
| Current tax expense - current year  | 100,342   | 210,240     |
| Current tax expense - prior periods | 1,375,108 | -           |
| Deferred                            | 331,878   | (1,545,974) |
|                                     | 1,807,328 | (1,335,734) |

The reconciliation of the income tax expense (benefit) computed at statutory tax rate to provision for income tax for the year ended December 31 are as follows:

|   | 2024             | 2023               |
|---|------------------|--------------------|
| Income tax at statutory tax rate of 25%               | 6,639,977        | 3,613,683          |
| Add (Deduct) tax effects of:                          | -                | -                  |
| Interest income already subjected to final tax        | (7,931,139)      | (7,330,773)        |
| Derecognition of net operating loss carryover (NOLCO) | -                | 2,558,206          |
| Dividend income subject to final tax                  | (4,817,998)      | (2,500,334)        |
| Change in unrecognized deferred income tax assets     | (68,050)         | 671,839            |
| Income tax payment from prior periods                 | 1,375,108        | -                  |
| Non-deductible expenses                               | 1,264,640        | 806,235            |
| Tax expense from NOLCO                                | 5,240,800        | -                  |
| Tax expense from minimum corporate income tax (MCIT)  | 100,342          | 210,240            |
| Realized loss on sale of debt instruments at FVOCI    | 3,648            | 635,170            |
|   | <b>1,807,328</b> | <b>(1,335,734)</b> |

#### *Deferred income tax*

Unrecognized DIT assets as at December 31 represent the following:

|   | 2024              | 2023              |
|---|-------------------|-------------------|
| NOLCO   | 18,290,557        | 13,049,757        |
| MCIT  | 494,739           | 508,289           |
| Provision for impairment of receivables         | 384,142           | 384,142           |
| Provision for impairment of asset held for sale | 569,158           | 287,697           |
| Unrealized foreign exchange loss                | -                 | 68,050            |
|   | <b>19,738,596</b> | <b>14,297,935</b> |

#### *Net operating loss carryover (NOLCO)*

The Republic Act No. 9337 (the “Act”) provided the NOLCO privilege which can be carried over as a deduction for the three succeeding taxable years immediately following the year such loss was incurred.

In 2020, pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

Details of unrecognized NOLCO and the related unrecognized DIT assets at December 31 are as follows:

| Year incurred   | Year of expiration | 2024              | 2023              |
|-----------------|--------------------|-------------------|-------------------|
| 2020            | 2025               | 16,289,059        | 16,289,059        |
| 2021            | 2026               | 20,758,171        | 20,758,171        |
| 2022            | 2025               | 4,918,973         | 4,918,973         |
| 2023            | 2026               | 10,232,824        | 10,232,824        |
| 2024            | 2027               | 20,963,200        | -                 |
| <b>Subtotal</b> |                    | <b>73,162,227</b> | <b>52,199,027</b> |
| <b>Tax rate</b> |                    | <b>25%</b>        | <b>25%</b>        |
|                 |                    | <b>18,290,557</b> | <b>13,049,757</b> |

#### *Minimum corporate income tax (MCIT)*

As provided under the Act, the Company shall pay the minimum corporate income tax (MCIT) or regular corporate income tax (RCIT), whichever is higher. Any excess of MCIT over the RCIT shall be carried forward on an annual basis and credited against RCIT for the next three succeeding taxable years. MCIT shall be imposed beginning on the fourth taxable year immediately following the taxable year in which such corporation started its business operations.

On March 26, 2021, Republic Act No. 11534, was signed into law. Under this law, effective July 1, 2020, the MCIT rate was reduced from two percent (2%) to one percent (1%) until June 30, 2023.

Effective July 1, 2023, the MCIT rate reverted to its original 2% based on the taxpayers gross income. For taxable year 2023, a two-tiered MCIT rate applies: 1% for the period January 1 to June 30, 2023 and 2% for the period July 1 to December 31, 2023.

In March 2024, Revenue Memorandum Circular No. 36-2024 issued by the Bureau of Internal Revenue (BIR) provided a clarification in manner of computing the MCIT for taxable year 2023. For taxpayers with calendar year ends, the MCIT rate to be used is 1.50% in 2023.

Details of unrecognized MCIT as at December 31 are as follows:

| Year incurred       | Year of expiration | 2024                 | 2023                 |
|---------------------|--------------------|----------------------|----------------------|
| 2020                | 2023               | -                    | 127,839              |
| 2021                | 2024               | 113,892              | 113,892              |
| 2022                | 2025               | 184,157              | 184,157              |
| 2023                | 2026               | 210,240              | 210,240              |
| 2024                | 2027               | 100,342              | -                    |
| <b>Expired MCIT</b> |                    | 608,631<br>(113,892) | 636,128<br>(127,839) |
|                     |                    | <b>494,739</b>       | <b>508,289</b>       |

Realization of future tax benefit related to DIT assets is dependent on the Company's ability to generate future taxable income during the periods in which these are expected to be recovered. The Company has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at each reporting period and regularly reviews the recoverability of the DIT assets to be recognized.

## 16 Related party transactions

The table below summarizes the Company's transactions and balances with its related parties.

|  | Terms and conditions   | Transactions |             | Balances          |              |
|--|--|--------------|-------------|-------------------|--------------|
|  |  | 2024         | 2023        | Due from (due to) | 2024         |
| <b>Notes receivable (Note 3)</b>       |  |              |             |                   |              |
| Entities under common control          | Unsecured note, due on demand and bears interest of 5% to 7% per annum. Amounts are payable in cash on a gross basis.  | -            | 8,000,000   | 54,305,002        | 56,805,002   |
| <i>Principal Interest</i>              | Interest bearing, unsecured, with no guarantee.  | 3,287,114    | 3,021,025   | 1,346,188         | 4,021,415    |
|  |  | -            | 11,021,025  | 55,651,190        | 60,826,417   |
| <b>Advances</b>                        |  |              |             |                   |              |
| Parent company                         | These are advances made by the related party for various project related expenses.   | -            | 211,867     | -                 | 211,867      |
| <i>Principal</i>                       |  |              |             |                   |              |
| Entities under common control          | Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed interest bearing and due on demand.  | -            | 5,000,000   | 6,726,316         |              |
| <i>Principal Interest</i>              |  | 302,653      | 347,085     | 744,965           | 991,280      |
|  |  | -            | 558,952     | 5,744,965         | 7,929,463    |
| <b>Due to related parties</b>          |  |              |             |                   |              |
| Ultimate Parent Company                | These are advances made by the related party for various project related expenses.   | -            | 28,344,614  | (78,106)          | (28,344,614) |
| Entities under common control          | Amounts are payable in cash on a gross basis. These are unsecured, non-interest bearing and due on demand.   | -            | 18,550,738  | -                 | (18,550,738) |
|  |  | -            | 46,895,352  | (78,106)          | (46,895,352) |
| <b>Extinguishment of debt (Note 8)</b> |  |              |             |                   |              |
| Parent Company                         | On December 29, 2023, the Company and its Parent Company executed a deed of assignment of land by way of dacion en pago.   | -            | 22,000,000  | -                 | -            |
| <i>Notes receivables</i>               |  | -            | 266,851,569 | -                 | -            |
| <i>Advances</i>                        | In the agreement, the Parent Company assigned nine parcels of land to the Company in satisfaction of P335,578,155 debt. The land is located in Bagac, Bataan with a total area of 383,999 sqm valued at P335,615,126. The agreement resulted in P36,971 gain. The extinguishment is considered a non-cash operating and investing activity for purposes of statements of cash flows reporting. |              |             |                   |              |

|                                  | Terms and conditions   | Transactions |           | Balances<br>Due from (due to) |            |
|----------------------------------|--|--------------|-----------|-------------------------------|------------|
|                                  |  | 2024         | 2023      | 2024                          | 2023       |
| <b>Future stock subscription</b> |  |              |           |                               |            |
| Parent Company                   | <p>As discussed in Note 1.1, the Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Company. Consequently, the Company received P18,894,000 as deposit for future stock subscription.</p> <p>As discussed in Note 1.1, as at each report date, the resolution to increase the Company's authorized capital stock is awaiting ratification by the stockholders and pending application with SEC, hence recorded as deposit for future stock subscription and is presented within non-current liabilities.</p> | -            | -         | 18,894,000                    | 18,894,000 |
| <b>Leases</b>                    |  |              |           |                               |            |
| Parent Company                   | <p>The Company has a lease agreement with the Parent Company for the rent of its office space located at the 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City. The lease term is for two years and is renewable under mutual agreement of both parties. Transactions during the year pertains to the total lease payments made during the year.</p> <p>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.</p>  | 1,535,480    | 1,462,361 | -                             | -          |
| <b>Expense recharges</b>         |  |              |           |                               |            |
| Entities under common control    | <p>These are recharges made by a related party for association dues and utilities taxes paid by the related party on behalf of the Company. These are billed at cost.</p> <p>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.</p>  | 312,190      | 358,442   | -                             | -          |

|                                    | Terms and conditions   | Transactions |           | Balances<br>Due from (due to) |      |
|------------------------------------|--|--------------|-----------|-------------------------------|------|
|                                    |  | 2024         | 2023      | 2024                          | 2023 |
| <b>Professional fees</b>           |  |              |           |                               |      |
| Entity under common control        | The Company entered into an agreement with PSTI to avail of their services as stock transfer agent.<br><br>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.  | 200,340      | 200,340   | -                             | -    |
| <b>Key management compensation</b> |  |              |           |                               |      |
| Director's fees (Note 14)          | Key management compensation of the Company consists only of directors' fees.<br><br>The Company does not have amounts receivables from/payables to key management personnel arising from the above agreement as at December 31, 2024 and 2023.<br><br>The Company does not have any regular employees. The accounting and management services are under the management of Philcomsat, its ultimate parent company. | 3,000,000    | 3,425,000 | -                             | -    |

## 17 Earnings per share

Basic/diluted earnings per share for the years ended December 31 as follows:

|   | 2024        | 2023        |
|---|-------------|-------------|
| Profit for the year                           | 24,754,578  | 15,790,466  |
| Weighted average number of shares outstanding | 996,391,254 | 996,391,254 |
|   | 0.0248      | 0.0158      |

## 18 Civil cases

An action was filed in the Sandiganbayan by a group claiming to be directors and officers of POTC and Philcomsat seeking to enjoin the present directors and officers of POTC and Philcomsat from representing themselves as directors and officers and representatives of the Parent Company. The Parent Company sought the dismissal of the complaint against it on the ground that it is not a real party-in-interest since the injunction being sought is not directed against it. The Sandiganbayan issued a decision dismissing the case. The group alleging that they are the POTC and Philcomsat board of directors, however, appealed the case with the Supreme Court (SC) on November 10, 2008. The SC consolidated this case with three other cases.

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

The Parent Company also filed cases for the recovery of advances made by former directors and officers of the Parent Company. These cases are now pending resolution with the Department of Justice (DOJ).

## 19 Litigation

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

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

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

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

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

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

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

- Complaint for collection against Araneta and Lokin

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

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

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

On October 24, 2019, the Court of Appeal issued a Resolution denying PHC's Motion for Reconsideration. On November 26, 2019, PHC elevated the case to the Supreme Court via Petition for Review on Certiorari under Rule 45. On March 9, 2020, Araneta filed his Comment. On July 21, 2023, Araneta filed a Motion for Early Resolution.

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

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

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

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

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

- Criminal complaint against Concepcion A. Poblador

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

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

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

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

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

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

On November 3, 2020, Poblador filed her Petition for Review with the Supreme Court. On April 4, 2022, PHC filed its Comment.

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

## **20 Critical accounting estimates, assumptions, and judgments**

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*(a) Critical accounting estimates and assumptions*

- Provision of impairment of receivables and due from related parties (Notes 3 and 16)
- Fair value of financial instruments (Note 6)
- Determining the incremental borrowing rate for leases (Note 11)

*(b) Critical accounting judgments in applying the Company's accounting policies*

- Recoverability of due from related parties (Note 16)
- Recoverability of input VAT and tax credits (Notes 5)
- Recoverability of investment in a subsidiary (Note 8)
- Recoverability of investment property (Note 8)
- Determining the lease term (Note 11)

## 21 Financial risk management and capital management

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial risk management is carried out by management under the direction of the BOD. Management identifies and evaluates financial risks in close cooperation with the Company's department heads. The BOD reviews and approves policies and procedures covering specific financial risk areas. These policies and procedures enable the Company's management to make strategic and informed decisions with regard to the operations of the Company.

The most important types of risk the Company manages are credit risk, market risk and liquidity risk. Market risk includes foreign exchange, interest and price risks. The Company has no significant financial assets and liabilities that are exposed to foreign exchange and interest risk.

### ***Components of financial assets and liabilities***

Details of the Company's financial assets as at December 31 are as follows:

|  | Notes | 2024          | 2023          |
|--|-------|---------------|---------------|
| Financial assets measured at amortized cost  |       |               |               |
| Cash and cash equivalents  | 2     | 100,711,315   | 111,132,301   |
| Receivables, gross of allowance for ECL  | 3     | 114,196,477   | 117,084,449   |
| Due from related parties   | 16    | 5,000,000     | 6,938,183     |
| Financial assets measured at fair value through profit or loss (FVTPL)             | 6     | 107,167,495   | -             |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 6     | 803,483,538   | 912,363,316   |
|  |       | 1,130,558,825 | 1,147,518,249 |

Other current assets consist of advances subject for liquidation, hence not considered as financial assets.

Other non-current assets consist of CWT and input VAT which not considered as financial assets since they do not arise from contractual arrangements.

Details of the Company's financial liabilities as at December 31 are as follows:

|                                       | Notes | 2024       | 2023       |
|---------------------------------------|-------|------------|------------|
| Trade payables                        | 10    | 5,842,214  | 3,141,150  |
| Lease liability                       | 11    | -          | 1,487,184  |
| Dividends payable                     | 12    | 5,184,637  | 5,184,637  |
| Due to related parties                | 16    | 78,106     | 46,895,352 |
| Deposit for future stock subscription | 16    | 18,894,000 | 18,894,000 |
|                                       |       | 29,998,957 | 75,602,323 |

Other payables consisting of customer deposits and payables to government agencies not arising from contractual arrangements are not considered as financial liabilities.

### ***Credit risk***

Credit risk refers to the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation. Significant changes in the economy that may represent a concentration in the Company's business, could result to losses that are different from those provided for at reporting date. The Company enters into contracts only with recognized, credit-worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Company obtains guarantees where appropriate to mitigate credit risk.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivables and amounts due from a related party.

There is no significant concentration of credit risk, whether through exposure to individual counterparties or specific industry sectors.

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

|                           | Gross carrying amount | Net carrying amount | Internal credit rating | Basis for recognition of ECL |
|---------------------------|-----------------------|---------------------|------------------------|------------------------------|
| <i>December 31, 2024</i>  |                       |                     |                        |                              |
| Cash and cash equivalents | 100,711,315           | 100,711,315         | Performing             | 12-month ECL                 |
| Receivables               |                       |                     |                        |                              |
| Group 1                   | 112,659,909           | 112,659,909         | Performing             | 12-month ECL                 |
| Group 2                   | 1,536,568             | -                   | Credit-impaired        | 12-month ECL                 |
| Due from related parties  | 5,000,000             | 5,000,000           | Performing             | 12-month ECL                 |
| Financial assets at FVTPL | 107,167,495           | 107,167,495         | Performing             | Not applicable               |
| Financial assets at FVOCI | 803,483,538           | 803,483,538         | Performing             | Not applicable               |
|                           | 1,130,558,825         | 1,129,022,257       |                        |                              |
|                           | Gross carrying amount | Net carrying amount | Internal credit rating | Basis for recognition of ECL |
| <i>December 31, 2023</i>  |                       |                     |                        |                              |
| Cash and cash equivalents | 111,132,301           | 111,132,301         | Performing             | 12-month ECL                 |
| Receivables               |                       |                     |                        |                              |
| Group 1                   | 115,547,881           | 115,547,881         | Performing             | 12-month ECL                 |
| Group 2                   | 1,536,568             | -                   | Credit-impaired        | 12-month ECL                 |
| Due from related parties  | 6,938,183             | 6,938,183           | Performing             | 12-month ECL                 |
| Financial assets at FVOCI | 912,363,316           | 912,363,316         | Performing             | Not applicable               |
|                           | 1,147,518,249         | 1,145,981,681       |                        |                              |

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

#### *Cash and cash equivalents*

The Company has policies that limit the amount of credit exposure with financial institutions. All of the Company's cash in bank is deposited with a well-capitalized financial institution and reputable universal bank with strong financial standing. While cash in bank is also subject to requirements of PFRS 9, the expected credit loss is deemed immaterial.

#### *Receivables*

The Company has outstanding receivables from corporate notes and its related interest. The Company does not expect significant credit exposure on this receivable considering that these are short-term investments in promissory notes of reputable and listed institutions with good credit rating.

Credit quality of customers are classified as follows:

Group 1 - Customer and counterparty balances without history of default and assessed to be fully recoverable.

Group 2 - Individually assessed customer with defaults and which the Company no longer expects to recover the balance despite its collection efforts.

#### *Due from related parties*

Due from related parties arising from advances are collectible after 12 months. Expected credit losses are based on the assumption that repayment of balances outstanding will not be compromised considering these are receivables from entities under common control or parent company with no history of default.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of a related party, Company has assessed that the outstanding balances are exposed to low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

None of the fully performing financial assets have been renegotiated during 2024 and 2023.

#### **Liquidity risk**

The Company manages liquidity risk by maintaining sufficient cash to meet the Company's operational commitment and finance its operation and working capital requirements.

Prudent liquidity risk management implies maintaining sufficient cash, timely collection of receivables and availability of funding through an adequate amount of facilities. The Company aims to maintain flexibility in funding by keeping track of its cash collections from dividends. The Company may also obtain funding from its shareholders, as well from third-party banking institutions, as necessary, to finance its operations and working capital requirements.

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

|                                       | Less than 12 months | More than 1 year | Total      |
|---------------------------------------|---------------------|------------------|------------|
| <u>At December 31, 2024</u>           |                     |                  |            |
| Trade payables                        | 5,842,214           | -                | 5,842,214  |
| Lease liability, gross                | -                   | -                | -          |
| Dividends payable                     | 5,184,637           | -                | 5,184,637  |
| Due to related parties                | 78,106              | -                | 78,106     |
| Deposit for future stock subscription | 18,894,000          | -                | 18,894,000 |
|                                       | 29,998,957          | -                | 29,998,957 |
| <u>At December 31, 2023</u>           |                     |                  |            |
| Trade payables                        | 3,141,150           | -                | 3,141,150  |
| Lease liability, gross                | 1,535,480           | -                | 1,535,480  |
| Dividends payable                     | 5,184,637           | -                | 5,184,637  |
| Due to related parties                | 46,895,352          | -                | 46,895,352 |
| Deposit for future stock subscription | 18,894,000          | -                | 18,894,000 |
|                                       | 75,650,619          | -                | 75,650,619 |

#### **Market risk**

##### *Price risk*

The Company is exposed to equity securities price risk because of the Company's investments in financial assets at FVTPL and financial assets at FVOCI which consist primarily of investment in listed and traded securities.

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

The Company measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations. The table below sets forth the impact of changes in PSEi in other comprehensive income in 2024 and 2023.

|      | Increase (decrease) in<br>PSEi | Increase (decrease) in other<br>comprehensive income |
|------|--------------------------------|--|
| 2024 | 16%<br>(6%)                    | 40,990,505<br>(14,109,418)                           |
| 2023 | 11%<br>(7%)                    | 19,313,028<br>(13,377,391)                           |

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the net unrealized gain (loss) for the year, based on the adjusted beta rate of equity securities as at December 31, 2024 and 2023.

The reasonable possible changes in the market price of investments were determined based on Company's analysis of the movement in share prices for the next 30 days from the close of the financial year.

#### *Foreign currency exchange risk*

The Company is exposed to foreign currency exchange risk arising from currency exposures, primarily with respect to the US Dollar. Foreign currency exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company's foreign-currency denominated financial instrument consists of cash in banks and cash equivalents as at December 31, 2024 totaling US\$25,720 (2023 - US\$586,634). The Company's exposure to foreign currency risk is insignificant.

#### *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at December 31, 2024 and 2023, the Company has repriceable financial assets, specifically investments in quoted bonds classified as financial assets at FVOCI. Accordingly, the Company is subject to fair value interest rate risk.

The Company measures the sensitivity of its investment securities by using PHP BVAL reference rate fluctuations. The table below sets forth the impact of changes in PHP BVAL in the Company's other comprehensive income in 2024 and 2023.

|      | Increase (decrease) in<br>PHP BVAL | Increase (decrease) in other<br>comprehensive income |
|------|------------------------------------|--|
| 2024 | 11%<br>(10%)                       | 54,172,738<br>(49,950,068)                           |
| 2023 | 14%<br>(5%)                        | 81,643,390<br>(28,957,310)                           |

#### *Capital risk management*

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders and obtain borrowings from banks or to related party. There were no changes in the Company's credit risk management policy during and as at each reporting period.

The capital that the Company manages is the total equity as shown in the statements of financial position. The Company monitors its capital structure using debt-to-equity ratio which is debt divided by equity as follows:

|                      | 2024          | 2023          |
|----------------------|---------------|---------------|
| Total debt           | 30,834,065    | 78,645,811    |
| Total equity         | 1,481,127,697 | 1,446,728,998 |
| Debt-to-equity ratio | 0.02:1        | 0.04:1        |

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

#### *Fair value estimation*

As at December 31, 2024 and 2023, the carrying amounts of cash and cash equivalents, receivables, due from related parties and due to related parties reasonably approximate their fair values due to the short-term nature of these financial instruments.

The different levels in the fair value hierarchy have been defined in Note 22.4. There were no transfers between Levels 1, 2 and 3 during each reporting period.

## **22 Summary of material accounting policies**

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

### **22.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards,
- PAS Standards, and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC).

The Parent Company has also prepared consolidated financial statements in accordance with PFRS for itself and its subsidiaries (collectively, the "Group"). In the consolidated financial statements, subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations have been fully consolidated. The consolidated financial statements can be obtained from the SEC.

The users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the years ended December 31, 2024 and 2023 in order to obtain full information on the financial position, financial performance and cash flows of the Group as a whole.

These financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through other comprehensive income (FVOCI).

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are summarized in Note 20.

## Changes in accounting policies and disclosures

### (a) New and amended standards adopted by the Company

The Company has applied the following amendments for the first time for its annual reporting period commencing January 1, 2024:

- Amendments to PAS 1, 'Presentation of Financial Statements'

Amendments made to PAS 1 in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. If the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- The carrying amount of the liability
- Information about the covenants (including the nature of the covenants and when the entity is required to comply with them)
- Facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with PAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

- Amendment to PFRS 16, 'Lease Liability in Sale and Leaseback'

In September 2022, the IASB finalized narrow-scope amendments for sale and leaseback transactions in IFRS 16 Leases. This specifies how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact transactions where the lease payments include variable payments not dependent on an index or a rate.

- Amendments to PAS 7 and PFRS 7, 'Supplier Finance Arrangement'

On May 25, 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). These amendments respond to investors' need for more information about SFAs to assess how these arrangements affect an entity's liabilities, cash flows, and liquidity risk.

The new disclosures will provide information about:

- (1) The terms and conditions of SFAs.
- (2) The carrying amount of financial liabilities that are part of SFAs, and the line items in which those liabilities are presented.
- (3) The carrying amount of the financial liabilities in (2), for which the suppliers have already received payment from the finance providers.
- (4) The range of payment due dates for both the financial liabilities that are part of SFAs and comparable trade payables that are not part of such arrangements.
- (5) Non-cash changes in the carrying amounts of financial liabilities in no. 2.
- (6) Access to SFA facilities and concentration of liquidity risk with the finance providers.

Entities will be required to aggregate the information they provide about SFAs. However, they should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes needed for comparability between periods.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

The amendments to PAS 1, 7, and 8 and PFRS 7 and 16 are not expected to have a material impact on the financial statements of the Company.

There are no other new standards, interpretations, and amendments to existing standards effective January 1, 2024, that are considered to be relevant or have a material impact on the financial statements.

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

## **22.2 Financial assets**

### *Classification*

The Company classifies its financial assets in the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through profit or loss (FVTPL), and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### *Financial assets at amortized cost*

The Company classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Company's financial assets at amortized cost comprise of cash, receivables, and due from a related party.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months at the end of the reporting period.

#### *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition as at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses on investments held for trading net of interest income accrued on these assets, are recognized in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as financial assets at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited. Financial assets may be designated by management on initial recognition as at FVTPL, if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains and losses on them on a different basis; or
- The assets are part of group of financial assets, liabilities or both which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

#### *Financial assets at FVOCI*

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity security which is not held for trading, and which the Company has irrevocably elected at initial recognition to recognize in this category. This is a strategic investment and the Company considers this classification to be more relevant. On disposal of this equity investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

As at each reporting period, investments in shares of stocks of various listed corporations, UITFs, traded bonds and club memberships are designated as financial assets at FVOCI.

#### *Recognition and measurement*

The Company recognizes a financial asset in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

#### *Derecognition*

The basic premise for the derecognition model is to determine whether the asset under consideration for derecognition is:

- an asset in its entirety or
- specifically identified cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of the cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets).

Once the asset under consideration for derecognition has been determined, an assessment is made as to whether the asset has been transferred, and if so, whether the transfer of that asset is subsequently eligible for derecognition.

An asset is transferred if either the entity has transferred the contractual rights to receive the cash flows, or the entity has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows on under an arrangement that meets the following conditions:

- the Company has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset;
- the Company is prohibited from selling or pledging the original asset (other than as security to the eventual recipient); and
- the Company has an obligation to remit those cash flows without material delay.

Once the Company has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

If the Company has neither retained nor transferred substantially all of the risks and rewards of the asset, then the Company must assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate; however, if the Company has retained control of the asset, then the Company continues to recognize the asset to the extent to which it has a continuing involvement in the asset.

#### *Impairment*

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented as part of cost and expenses in the statement of comprehensive income.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

##### *(i) Simplified approach*

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

##### *(ii) General approach*

The Company applies the general approach to provide for ECLs on cash in banks, interest receivable, and due from a related party. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### *Measurement of ECLs*

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD) (i.e., the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information as described above. As for the EAD, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

*Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

#### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### *Derecognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss.

#### *Financial assets at FVOCI*

In the case of equity investments classified as financial assets carried at FVOCI, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. When a decline in the fair value of a financial assets carried at FVOCI has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income is removed directly from equity with no option to recycle to profit or loss. Impairment losses recognized in profit or loss for an investment on equity instrument classified as financial assets at fair value through other comprehensive income are not reversed through profit or loss.

In the case of debt instruments classified as financial assets carried at FVOCI, movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the profit or loss.

## 22.3 Financial liabilities

### *Classification and presentation*

The Company classifies its financial liabilities in the following categories: (i) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (ii) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Company did not hold financial liabilities at fair value through profit or loss during and at the end of each reporting period.

The Company's financial liabilities at amortized cost consist mainly of trade payables and other liabilities (excluding customer deposits and payables to government agencies) and lease liabilities.

### *Initial recognition and subsequent measurement*

The Company's financial liabilities at amortized cost are initially measured at fair value plus transaction costs. Subsequently, these are measured at amortized cost using the effective interest method.

Interest expense on financial liabilities is recognized within finance cost, at gross amount, in the statements of total comprehensive income.

### *Derecognition*

Financial liabilities are derecognized when extinguished, that is, when the obligation specified in a contract is discharged or cancelled or when the obligation expires.

## 22.4 Determination of fair value

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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active 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. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Company specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

Details of the Company's fair value measurement for the financial assets at FVOCI and investment properties are disclosed in Note 6 and Note 8, respectively.

## **22.5 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

The Company has no offsetting arrangements as at each reporting period.

## **22.6 Cash and cash equivalents**

Short-term placements are presented as cash equivalents if they have a maturity of three months or less and are carried in the statement of financial position at face amount or at nominal amount, which approximates its amortized cost using the effective interest method.

## **22.7 Assets held for sale**

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

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

Non-current assets are not depreciated or amortized while they are classified as held for sale.

## **22.8 Other assets**

Prepaid taxes consist substantially of creditable withholding taxes which are recognized as assets to the extent that it is probable that the benefit will flow to the Company. These are derecognized when there is a legally enforceable right to apply the recognized amounts against related liability with the period prescribed by the relevant tax laws.

Other current assets mainly pertain to input value-added tax (VAT). Input VAT represent taxes imposed on the Company for the acquisition of goods and services. These are stated at face value less any provision for impairment and are utilized when there is a legally enforceable right to offset the recognized amounts against output VAT obligations and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Input VAT are included in current assets, except when utilization and claims against output VAT are expected to be more than 12 months after the reporting date, in which these are classified as non-current assets.

## **22.9 Investment in a subsidiary**

Subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in a subsidiary is accounted for at cost less any impairment in the separate financial statements. Dividend income from investment is recognized in profit or loss within other income when the right to receive payment is established.

The carrying amount of investment in subsidiary is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

When the Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss.

The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

## **22.10 Investment property**

Investment property is defined as a property, mainly land, held for the purposes of earning rentals, for capital appreciation or both. This property is not held to be used in production or sale in the ordinary course of business. Investment property is initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up. Investment properties are subsequently carried at cost less accumulated depreciation and any accumulated impairment.

Land is not depreciated.

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

## **22.11 Property and equipment**

Property and equipment is subsequently measured at cost. Depreciation is calculated using the straight-line method to allocate the cost of each asset, net of their residual values, over their estimated useful lives as follows:

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

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

## **22.12 Impairment of non-financial assets**

Non-financial assets, mainly property and equipment and investment in a subsidiary, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 fair value less cost 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 (cash-generating units). Impairment losses, if any, are recognized in profit or loss. Non-financial assets that have been impaired are reviewed for possible reversal of impairment at each reporting period.

## **22.13 Deposit for future stock subscription**

Deposit for future stock subscription represents advance collection for stocks subscriptions. Deposit for future stock subscriptions is reported as a separate item in the equity section of the statement of financial position if and only if, all of the following elements are present as of end of the reporting period:

- The unissued authorized capital stock of the Company is insufficient to cover the amount of shares indicated in the contract;
- Board of Directors approval of the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- Stockholders approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

If any or all of the above elements are not present, the deposit for future stocks subscription is recognized as a liability in the statement of financial position. These are included in current liabilities, except when management expects to convert them to equity at least 12 months from the reporting date which are classified as non-current liabilities.

## **22.14 Equity**

### *Share capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

### *Retained earnings*

Retained earnings pertains to the accumulated profit from operations of the Company which are available for dividend declaration.

### *Earnings per share*

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

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

### *Other equity reserves*

Other equity reserves pertain to accumulated fair value changes in financial assets through other comprehensive income, net of any realized gains from sale of disposals of debt instruments.

## 22.15 Income

### *Dividend income*

Dividend income from a subsidiary is recognized when the right to receive dividend is established usually upon declaration by the BOD.

### *Interest income*

Interest income on bank deposits, which is presented net of final withholding tax, is recognized on a time proportion basis using the effective interest rate method.

### *Other income*

All other income is recognized when earned or when the right to receive payment is established.

## 22.16 Leases

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

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

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

### *The Company as a lessee*

At the commencement date, the Company recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

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

At the commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

## **22.17 Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among entities which are under control with the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

## **22.18 Income taxes**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

## **22.19 Foreign currency transactions and translation**

### *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). These financial statements are prepared in Philippine Peso, which is the Company's functional and presentation currency.

### *Transactions and balances*

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

## **23 Supplementary information required by the Bureau of Internal Revenue (BIR)**

The following Revenue Regulations 15-2010 information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

### *Output value-added tax (VAT)*

The amount of output VAT declared for the year ended December 31, 2024 amounted to P1,089,187 based on receipts amounting to P9,076,555.

The gross revenues on sale of services are based on gross receipts of the Company while gross revenues amounting to P56,544,613 presented in the statement of total comprehensive income are measured in accordance with the Company's accounting policy.

### *Input VAT*

Movements of input VAT for the year ended December 31, 2024 are as follows:

|  | Gross amount | Input VAT |
|--|--------------|-----------|
| Beginning balance                                    |              | 1,218,413 |
| Add: Current year's domestic purchases/payments for: |              |           |
| Goods other than resale of manufacture               | 7,284,711    | 874,165   |
| Services lodged under other accounts                 | 9,770,141    | 1,172,417 |
| Total available input VAT                            |              | 3,264,995 |
| Less: Applied against output VAT                     |              | 1,080,058 |
| Ending balance                                       |              | 2,184,937 |

### *Importations*

The Company did not have any purchases of imported goods subject to custom duties and tariff fees for the year ended December 31, 2024.

### *Excise tax*

The Company is not engaged in the manufacture or production of certain specified goods or articles subject to excise tax for domestic sale or consumption or for any other disposition for the year ended December 31, 2024.

### *Documentary stamp tax*

The Company has no transactions for the year ended December 31, 2024 requiring payment of documentary stamp tax.

### *All other local and national taxes*

All other local and national taxes paid for the year ended December 31, 2024 consist of:

|                    | Amount  |
|--------------------|---------|
| PSE annual listing | 250,000 |
| Business permit    | 27,080  |
| Others             | 242,942 |
|                    | 520,022 |

### *Withholding taxes*

Withholding taxes accrued and paid as at and for the year ended December 31, 2024 consists of:

|                          | Paid      | Accrued | Total     |
|--------------------------|-----------|---------|-----------|
| Expanded withholding tax | 1,149,932 | 282,895 | 1,432,827 |

### *Tax assessments*

The Company has not received any Final Assessment Notice from the BIR for the year ended December 31, 2024.

### *Tax cases*

The Company does not have any outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside of the BIR as at and for the year ended December 31, 2024.

# COVER SHEET

SEC Registration Number

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## COMPANY NAME

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| C | O | R | P | O | R | A | T | I | O | N | A | N | D | S | U | B | S | I | D | I | A | R | I | E | S |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

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

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |
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| A | V | E | . | , | M | A | K | A | T | I | C | I | T | Y |   |   |   |   |   |   |   |   |   |  |  |
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Department requiring the report

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Secondary License Type, if Applicable

|   |   |   |
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| N | / | A |
|---|---|---|

## COMPANY INFORMATION

Company's Email Address

[inquiry@phc.com.ph](mailto:inquiry@phc.com.ph)

Company's Telephone Number/s

(632) 8815-2517

Mobile Number

-

No. of Stockholders

1,196

Annual Meeting (Month/Day)

3<sup>rd</sup> Monday of November

Fiscal Year (Month/Day)

12/31

## CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ms. Erlinda I. Bildner

Email Address

-

Telephone Number/s

(632) 8815-8406

Mobile Number

-

## CONTACT PERSON's ADDRESS

12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City

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

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



# PHILCOMSAT HOLDINGS CORPORATION

12F Telecom Plaza 316 Sen. Gil Puyat Ave. 1200 City of Makati, Philippines  
Tel. No.: 8815-8406; Fax No.: 8816-2517 [www.phc.com.ph](http://www.phc.com.ph)

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Philcomsat Holdings Corporation and its Subsidiaries (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group'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 or members.

Isla Lipana & Co., the independent auditor, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

**SANTIAGO J. KANADA**  
Chairman of the Board

  
**VICTORIA DELOS REYES**  
President  
**ERLINDA I. BILDNER**  
Treasurer

Signed this 14<sup>th</sup> day of April 2025.

14 APR 2025

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2025 in  
**MAKATI CITY**, affiants exhibiting to me the following:

| <u>Name</u>             | <u>Government ID No.</u>    | <u>Place / Date of Issue</u>    |
|-------------------------|-----------------------------|---------------------------------|
| Santiago J. Ranada      | PP No. P0274808B            | DFA NCR East / 17 January 2019  |
| Victoria C. Delos Reyes | Senior Citizen ID No. 58406 | Makati City / 07 May 2012       |
| Erlinda I. Bildner      | Senior Citizen ID No. 49633 | Makati City / 20 September 2019 |

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Doc. No. 148  
Page No. 31  
Book No. 06  
Series of 2025

  
**ATTY. ROBERT M. LLUZ**  
NOTARY PUBLIC  
Until December 31, 2025  
Appt. No. M-053 Makati City  
IBP# 485352 for 2025  
SC Roll No. 59597  
PTR# 10464981 Jan. 02, 2025-Makati  
MCLE Compliance No. VIII-0021149  
Issued on 02-06-2025 Valid until 04-14-2028  
Unit 301 3<sup>rd</sup> Flr. Campos Rueda Bldg  
121 Urban Ave., Brgy. Pio del Pilar, Makati City



## Independent Auditor's Report

To the Board of Directors and Shareholders of  
**Philcomsat Holdings Corporation**  
12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Ave., Makati City

### Our Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Philcomsat Holdings Corporation and its subsidiaries (together, the "Group") as at December 31, 2024 and 2023, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### *What we have audited*

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2024;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2024;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Independent Auditor's Report  
 To the Board of Directors and Shareholders of  
 Philcomsat Holdings Corporation  
 Page 2

### Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

| <b>Key Audit Matter</b>  | <b>How our audit addressed the Key Audit Matter</b>   |
|--|---|
| <b>Fair valuation of financial assets at fair value through profit or loss and other comprehensive income</b> <p>Refer to Notes 6 and 22.2 to the consolidated financial statement</p> <p>As at December 31, 2024, the Group has financial assets at financial assets at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) amounting to P107.2 million and P803.5 million, respectively. Valuation of financial assets at FVTPL and FVOCI have been identified as a key audit matter primarily due to the significance of its amount, the volume of transactions, as well as the price volatility of the market. Any changes in market prices could expose the Group to significant market risk that may affect other comprehensive income, or profit or loss.</p> | <p>Our audit procedures to address the relevant assertion over valuation of financial assets at FVTPL and FVOCI included the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the Group's treasury and investment policies, processes, method, and assumptions used in determining fair value. In accordance with PFRS 13 - Fair Value Measurement, the Group uses the market approach in determining valuation of each equity and debt financial instruments and identified mainly Level 1 inputs (i.e. quoted prices) and Level 2 inputs (i.e. net asset value per unit) as the relevant data input.</li> <li>• In order to test the valuation of financial assets at FVTPL and FVOCI as at December 31, 2024, we tested the inputs used by management in the valuation of the financial assets at FVTPL and FVOCI by agreeing data inputs against an independent source (i.e., Philippine Stock Exchange index and PDS Group).</li> </ul> |

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philcomsat Holdings Corporation  
Page 3

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A (Annual Report), but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A (Annual Report) are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information identified above which have not yet been received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 PSA 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 consolidated financial statements.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philcomsat Holdings Corporation  
Page 4

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philcomsat Holdings Corporation  
Page 5

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

The engagement partner on the audit resulting in this independent auditor's report is  
Carlos Federico C. de Guzman.

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read 'Carlos Federico C. de Guzman'.

Carlos Federico C. de Guzman  
Partner  
CPA Cert. No. 110973  
P.T.R. No. 0011285, issued on January 03, 2025, Makati City  
TIN 229-481-265  
BIR AN: 08-000745-141-2023, issued October 23, 2023; effective until October 22, 2026  
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
April 15, 2025



## **Statement Required by Rule 68 Securities Regulation Code (SRC)**

To the Board of Directors and Shareholders of  
**Philcomsat Holdings Corporation**  
12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Ave., Makati City

We have audited the consolidated financial statements of Philcomsat Holdings Corporation (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2024, on which we have rendered the attached report dated April 14, 2025. The supplementary information shown in the Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration, Map showing the Relationships between and among the Companies in the Group, its Ultimate Parent Company and Co-Subsidiaries, and Schedules A, B, C, D, E, F and G, as additional components required by the Revised Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission, and are not required parts of the basic consolidated financial statements. Such supplementary information is the responsibility of the Group's management and has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with Revised Rule 68 of the SRC.

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read 'Carlos Federico C. de Guzman'.  
Carlos Federico C. de Guzman  
Partner  
CPA Cert. No. 110973  
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Makati City  
April 15, 2025

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 8845 2728, [www.pwc.com/ph](http://www.pwc.com/ph)

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## **Statement Required by Rule 68 Securities Regulation Code (SRC)**

To the Board of Directors and Shareholders of  
**Philcomsat Holdings Corporation**  
12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Ave., Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philcomsat Holdings Corporation (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, on which we have issued our report thereon dated April 14, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Parent Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read "Carlos Federico C. de Guzman".  
Carlos Federico C. de Guzman  
Partner  
CPA Cert. No. 110973  
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**Philcomsat Holdings Corporation and Subsidiaries**

Consolidated Statements of Financial Position

As at December 31, 2024 and 2023

(All amounts in Philippine Peso)

|   | Notes | 2024                 | 2023                 |
|---|-------|----------------------|----------------------|
| <b>Assets</b>   |       |                      |                      |
| <b>Current assets</b>   |       |                      |                      |
| Cash and cash equivalents   | 2     | 121,712,962          | 119,750,672          |
| Receivables, net  | 3     | 114,872,989          | 119,371,493          |
| Due from related parties  | 16    | 5,000,000            | 6,938,183            |
| Financial assets at fair value through profit or loss (FVTPL)             | 6     | 107,298,599          | 131,104              |
| Other current assets  |       | 387,128              | 321,018              |
|   |       | 349,271,678          | 246,512,470          |
| Assets held for sale  | 4     | 9,106,688            | 8,999,710            |
| <b>Total current assets</b>   |       | <b>358,378,366</b>   | <b>255,512,180</b>   |
| <b>Non-current assets</b>   |       |                      |                      |
| Financial assets at fair value through other comprehensive income (FVOCI) | 6     | 803,483,539          | 912,363,316          |
| Investment properties   | 7     | 343,475,799          | 337,864,550          |
| Right-of-use (ROU) asset, net   | 10    | 256,558              | 2,057,355            |
| Property and equipment, net   | 8     | 41,347               | 52,156               |
| Deferred income tax assets  | 15    | -                    | 132,199              |
| Other non-current assets  | 5     | 11,996,470           | 11,757,366           |
| <b>Total non-current assets</b>   |       | <b>1,159,253,713</b> | <b>1,264,226,942</b> |
| <b>Total assets</b>   |       | <b>1,517,632,079</b> | <b>1,519,739,122</b> |
| <b>Liabilities and Equity</b>   |       |                      |                      |
| <b>Current liabilities</b>  |       |                      |                      |
| Trade and other payables  | 9     | 6,880,795            | 6,729,170            |
| Dividends payable   | 11,16 | 5,184,637            | 5,184,637            |
| Due to a related party  | 16    | 219,353              | 28,344,614           |
| Lease liability   | 10    | 265,844              | 1,865,929            |
| <b>Total current liabilities</b>  |       | <b>12,550,629</b>    | <b>42,124,350</b>    |
| <b>Non-current liabilities</b>  |       |                      |                      |
| Deposit for future stock subscription                                     | 16    | 18,894,000           | 18,894,000           |
| Lease liability, net of current portion                                   | 10    | -                    | 265,843              |
| Deferred income tax liabilities, net                                      | 15    | 280,216              | -                    |
| <b>Total non-current liabilities</b>                                      |       | <b>19,174,216</b>    | <b>19,159,843</b>    |
| <b>Total liabilities</b>  |       | <b>31,724,845</b>    | <b>61,284,193</b>    |
| <b>Equity</b>   |       |                      |                      |
| Share capital   | 11    | 996,391,254          | 996,391,254          |
| Retained earnings   |       | 517,695,948          | 498,504,554          |
| Other equity reserves   | 6     | (28,179,968)         | (36,440,879)         |
| <b>Total equity</b>   |       | <b>1,485,907,234</b> | <b>1,458,454,929</b> |
| <b>Total liabilities and equity</b>                                       |       | <b>1,517,632,079</b> | <b>1,519,739,122</b> |

(The notes on pages 1 to 39 are integral part of these financial statements)

**Philcomsat Holdings Corporation and Subsidiaries**

Consolidated Statements of Total Comprehensive Income  
 For each of the three years in the period ended December 31, 2024  
 (All amounts in Philippine Peso, except earnings per share)

|   | <b>Notes</b> | <b>2024</b>  | <b>2023</b>  | <b>2022</b>  |
|---|--------------|--------------|--------------|--------------|
| <b>Income</b>   | 12           | 56,474,267   | 55,948,553   | 63,536,279   |
| Cost and expenses   | 13           | (37,189,879) | (36,081,584) | (33,345,200) |
| Other income (expense), net   | 14           | 1,312,919    | (2,746,989)  | 6,514,965    |
| Finance cost  | 10           | (77,656)     | (130,479)    | (22,806)     |
| <b>Profit before income tax</b>   |              | 20,519,651   | 16,989,501   | 36,683,238   |
| Income tax benefit (expense)  | 15           | (2,713,468)  | 901,530      | (1,543,175)  |
| <b>Profit for the year</b>  |              | 17,806,183   | 17,891,031   | 35,140,063   |
| <b>Other comprehensive income (loss)</b>                                    |              |              |              |              |
| <i>Item that may subsequently be reclassified to profit or loss</i>         |              |              |              |              |
| Fair value gain (loss) on debt instruments at FVOCI                         | 6            | 1,179,729    | 7,081,074    | (15,272,669) |
| <i>Item that will not to be subsequently reclassified to profit or loss</i> |              |              |              |              |
| Fair value gain (loss) on equity instruments at FVOCI                       | 6            | 8,451,801    | (16,137,490) | (34,205,118) |
|   |              | 9,631,530    | (9,056,416)  | (49,477,787) |
| <b>Total comprehensive income (loss) for the year</b>                       |              | 27,437,713   | 8,834,615    | (14,337,724) |
| <b>Earnings per share (basic and diluted)</b>                               | 17           | 0.0179       | 0.0180       | 0.0353       |

(The notes on pages 1 to 39 are integral part of these financial statements)

**Philcomsat Holdings Corporation and Subsidiaries**

Consolidated Statements of Changes in Equity  
 For each of the three years in the period ended December 31, 2024  
 (All amounts in Philippine Peso)

|  | <b>Share capital<br/>(Note 11)</b> | <b>Retained<br/>earnings</b> | <b>Other equity<br/>reserves<br/>(Note 6)</b> | <b>Total equity</b> |
|--|------------------------------------|------------------------------|---|---------------------|
| <b>Balances at January 1, 2022</b>   | 996,391,254                        | 492,359,406                  | 22,822,029                                    | 1,511,572,689       |
| <b>Comprehensive income</b>  |                                    |                              |   |                     |
| Profit for the year  | -                                  | 35,140,063                   | -   | 35,140,063          |
| Other comprehensive income for the year  | -                                  | -                            | (49,477,787)                                  | (49,477,787)        |
| <b>Total comprehensive income for the year</b>   | -                                  | 35,140,063                   | (49,477,787)                                  | (14,337,724)        |
| <b>Transaction with owners</b>   |                                    |                              |   |                     |
| Dividends declared (Note 11)   | -                                  | (49,819,563)                 | -   | (49,819,563)        |
| Transfer of gain on disposal of FVOCI equity instruments   | -                                  | 4,302,131                    | (4,302,131)                                   | -                   |
| Reclassification of cumulative fair value changes of FVOCI debt instruments sold to profit or loss             | -                                  | -                            | (335,769)                                     | (335,769)           |
| <b>Balances at December 31, 2022</b>   | 996,391,254                        | 481,982,037                  | (31,293,658)                                  | 1,447,079,633       |
| <b>Comprehensive income</b>  |                                    |                              |   |                     |
| Profit for the year  | -                                  | 17,891,031                   | -   | 17,891,031          |
| Other comprehensive income for the year  | -                                  | -                            | (9,056,416)                                   | (9,056,416)         |
| <b>Total comprehensive income for the year</b>   | -                                  | 17,891,031                   | (9,056,416)                                   | 8,834,615           |
| <b>Transaction with owners</b>   |                                    |                              |   |                     |
| Transfer of loss on disposal of FVOCI equity instruments   | -                                  | (1,368,514)                  | 1,368,514                                     | -                   |
| Reclassification of cumulative fair value changes of FVOCI debt instruments sold to profit or loss             | -                                  | -                            | 2,540,681                                     | 2,540,681           |
| <b>Balances at December 31, 2023</b>   | 996,391,254                        | 498,504,554                  | (36,440,879)                                  | 1,458,454,929       |
| <b>Comprehensive income</b>  |                                    |                              |   |                     |
| Profit for the year  | -                                  | 17,806,183                   | -   | 17,806,183          |
| Other comprehensive income for the year  | -                                  | -                            | 9,631,530                                     | 9,631,530           |
| <b>Total comprehensive income for the year</b>   | -                                  | 17,806,183                   | 9,631,530                                     | 27,437,713          |
| Transfer of loss on disposal of FVOCI equity instruments   | -                                  | 1,385,211                    | (1,385,211)                                   | -                   |
| Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss | -                                  | -                            | 14,592  | 14,592              |
| <b>Balances at December 31, 2024</b>   | 996,391,254                        | 517,695,948                  | (28,179,968)                                  | 1,485,907,234       |

(The notes on pages 1 to 39 are integral part of these financial statements)

**Philcomsat Holdings Corporation and Subsidiaries**

Consolidated Statements of Cash Flows  
 For each of the three years in the period ended December 31, 2024  
 (All amounts in Philippine Peso)

|   | Notes | 2024          | 2023          | 2022          |
|---|-------|---------------|---------------|---------------|
| <b>Cash flows from operating activities</b>   |       |               |               |               |
| Profit before income tax  |       | 20,519,651    | 16,989,501    | 36,683,238    |
| Adjustments for:  |       |               |               |               |
| Realized loss (gain) on sale of debt instruments  | 6,14  | 14,592        | 2,540,681     | (335,769)     |
| Depreciation and amortization   | 8,10  | 1,825,445     | 1,828,553     | 1,744,116     |
| Interest expense  | 10    | 77,656        | 130,479       | 22,806        |
| Provision for impairment of receivables   | 3,13  | 341,205       | 2,028,920     | 13,333        |
| Impairment of assets held for sale  | 4,13  | 1,125,882     | 1,150,790     | -             |
| Gain on extinguishment of debt  | 14,16 |               | (36,971)      | -             |
| Unrealized foreign exchange loss (gain)   | 14    | (1,327,511)   | 272,199       | (6,183,896)   |
| Unrealized (gain) loss on financial assets at fair value through profit or loss (FVTPL) | 14    | -             | (28,920)      | 4,700         |
| Operating cash flows before changes in assets and liabilities                           |       | 22,576,920    | 24,875,232    | 31,948,528    |
| Decrease (Increase) in:   |       |               |               |               |
| Receivables   |       | 4,157,298     | 11,501,419    | 16,380,347    |
| Due from related parties  |       | 1,938,183     | (13,567,479)  | (75,340,336)  |
| Other current assets  |       | (66,110)      | 70,901        | (271,404)     |
| Assets held for sale  |       | (1,232,860)   | -             | -             |
| Other non-current assets  |       | 1,843,680     | (5,436,689)   | (411,933)     |
| (Decrease) Increase in:   |       |               |               |               |
| Trade and other payables  |       | 151,624       | 1,707,058     | (12,610)      |
| Due to related party  |       | (28,125,261)  | -             | -             |
| Cash generated from (used in) operations  |       | 1,243,474     | 19,150,442    | (27,707,408)  |
| Acquisitions of:  |       |               |               |               |
| Financial assets at FVOCI   | 6     | (235,150,268) | (280,073,815) | (260,333,214) |
| Proceeds from redemption and maturity of:   |       |               |               |               |
| Financial assets at FVOCI   | 6     | 246,494,080   | 309,267,371   | 286,840,495   |
| Income taxes paid   |       | (4,383,835)   | -             | (714,257)     |
| Net cash from (used in) operating activities  |       | 8,203,451     | 48,343,998    | (1,914,384)   |
| <b>Cash flows used in investing activities</b>  |       |               |               |               |
| Additions to property and equipment   | 8     | (13,839)      | (21,864)      | (26,518)      |
| Additions to investment properties  |       | (5,611,249)   | -             | -             |
| Net cash used in investing activities   |       | (5,625,088)   | (21,864)      | (26,518)      |
| <b>Cash flows from financing activities</b>   |       |               |               |               |
| Payments of:  |       |               |               |               |
| Dividends   | 11    | -             | (3,787,870)   | (40,847,056)  |
| Lease liabilities   | 10    | (1,865,928)   | (1,727,031)   | (1,758,591)   |
| Interest expense on lease liabilities   | 10    | (77,656)      | (130,479)     | (22,806)      |
| Net cash used in financing activities   |       | (1,943,584)   | (5,645,380)   | (42,628,453)  |
| <b>Net increase (decrease) in cash</b>  |       | 634,779       | 42,676,754    | (44,569,355)  |
| Cash and cash equivalents at beginning of year  |       | 119,750,672   | 77,346,117    | 115,731,576   |
| Effect of foreign exchange rates changes  |       | 1,327,511     | (272,199)     | 6,183,896     |
| <b>Cash and cash equivalents as at end of year</b>                                      | 2     | 121,712,962   | 119,750,672   | 77,346,117    |

(The notes on pages 1 to 39 are integral part of these financial statements)

## Philcomsat Holdings Corporation and Subsidiaries

### Notes to Consolidated Financial Statements

As at December 31, 2024 and 2023 and for each of the three years  
in the period ended December 31, 2024

(All amounts are shown in Philippine Peso, unless otherwise stated)

## 1 General Information

### 1.1 Corporate information

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

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

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

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

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

The Parent Company is 79.94% owned by Philippine Communications Satellite Corporation (Philcomsat), a company incorporated in the Philippines. The ultimate parent company is Philippine Overseas Telecommunications Corporation (POTC), a company also incorporated in the Philippines. Philcomsat and POTC are both engaged in the telecommunications business.

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

| Subsidiary                                    | Principal business activity | Percentage of ownership |          |        |          |        |          |
|---|-----------------------------|-------------------------|----------|--------|----------|--------|----------|
|   |                             | 2024                    |          | 2023   |          | 2022   |          |
|   |                             | Direct                  | Indirect | Direct | Indirect | Direct | Indirect |
| Philcomsat Management Enterprises Inc. (PMEI) | Management Services         | 100                     | -        | 100    | -        | 100    | -        |
| Professional Stock Transfer Inc. (PSTI)       | Stock Transfer Agency       | -                       | 100      | -      | 100      | -      | 100      |

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

The registered office address and principal place of business of the subsidiaries are as follows:

|   |  |
|---|--|
| Philcomsat Management Enterprises Inc. (PMEI) | 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City |
| Professional Stock Transfer Inc. (PSTI)       | 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City |

The registered address, and principal place of business, of the Parent Company is at 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City.

## **1.2 Listing of shares in Philippine Stock Exchange (PSE)**

The Parent Company's original 60 million shares are listed and used to be traded in the PSE.

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

On April 1, 2014, the Parent Company, through its legal counsel, submitted to the SEC three (3) letter request for the lifting of the order of suspension and for a compromise payment of the penalties. The SEC, on December 29, 2015, lifted the order of suspension and directed the Parent Company to file an updated Registration Statement.

As at the date of report, the Parent Company is still in the process of updating its Registration Statement.

## **1.3 Approval of the consolidated financial statements**

The consolidated financial statements of the Group were approved and authorized for issue by the Parent Company's BOD April 14, 2025.

## **2 Cash and cash equivalents**

Cash and cash equivalents as at December 31 consist of:

|                       | 2024        | 2023        |
|-----------------------|-------------|-------------|
| Cash on hand          | 6,243       | 11,100      |
| Cash in banks         | 40,475,748  | 43,659,101  |
| Short-term placements | 81,230,971  | 76,080,471  |
|                       | 121,712,962 | 119,750,672 |

Cash in banks earn interest at prevailing bank deposit rates.

Cash equivalents pertain to special savings and time deposits, with terms of varying periods up to three (3) months and earn interest at prevailing special savings and time deposits rates.

Interest income earned from cash in banks and cash equivalents for the year ended December 31, 2024 amounted to P3,182,857 (2023 - P2,633,656; 2022 - P958,973) (Note 12).

### 3 Receivables, net

Receivables as at December 31 consist of:

|   | Note | 2024        | 2023        |
|---|------|-------------|-------------|
| Notes and loans receivable                                |      |             |             |
| Corporate notes   | 16   | 69,154,553  | 77,124,767  |
| Promissory notes issued by various financial institutions |      | 39,944,922  | 34,000,000  |
| Interest receivables                                      |      | 4,483,216   | 8,502,898   |
|   |      | 113,582,691 | 119,627,665 |
| Retainer fee receivable                                   |      | 2,757,500   | 1,767,813   |
| Less: Allowance for ECL                                   |      | (1,564,965) | (2,057,317) |
|   |      | 114,775,226 | 119,338,161 |
| Dividend receivables                                      |      | 97,763      | 33,332      |
|   |      | 114,872,989 | 119,371,493 |

As at each reporting period, all outstanding amount of receivables are collectible in cash, interest bearing, unsecured and unguaranteed.

Movements in the allowance for ECL are summarized below:

|   | Note | 2024      | 2023      | 2022   |
|---|------|-----------|-----------|--------|
| Balance at beginning of year            |      | 2,057,317 | 28,397    | 15,064 |
| Provision for impairment of receivables | 13   | 341,205   | 2,028,920 | 13,333 |
| Write-off                               |      | (833,558) | -         | -      |
| Balance at end of year                  |      | 1,564,965 | 2,057,317 | 28,397 |

#### *Corporate notes*

Unsecured corporate notes outstanding as at December 31, 2024 and 2023 pertain to short-term corporate promissory notes issued by various entities, with terms of thirty-five days up to one year and earn interest ranging from 5.5% to 11.0% per annum.

#### *Promissory notes issued by financial institutions*

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

In 2024, interest income earned from corporate notes and promissory notes issued by various financial institutions amounted to P5.07 million (2023 - P8.16 million; 2022 - P17.60 million) (Note 12).

#### *Critical accounting estimate: Provision for impairment of receivables*

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Expected credit losses (ECL) on receivables are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

Management believes, based on its assessment that the carrying amount of receivables as at each reporting period is recoverable.

#### 4 Assets held for sale

In 2024, the Group obtained equipment and furniture valued at P4,207,629 (2023 - P10,150,450) as a form of repayment of its notes receivable from one of its debtors. These assets were obtained with the intention to sell to its affiliate companies and is expected to be completed within the next 12 months. As such, these were then classified as non-current assets held for sale in the statement of financial position. The assets were measured at the lower of carrying amount and fair value less cost to sell at the time of recognition and as a result, an impairment loss of P1,125,882 was recognized (2023 - P1,150,790) (Note 13).

In 2024, for purposes of statements of cash flows reporting, the exchange of equipment and furniture, and notes receivable amounting to P4,207,629 (2023 - P10,150,450) is considered a non-cash operating and investing activity.

As at December 31, 2024, the carrying amount of the assets held for sale is P9,106,688 (2003 - P8,999,710).

#### 5 Other non-current assets

Other non-current assets as at December 31 consist of:

|                                  | 2024       | 2023       |
|----------------------------------|------------|------------|
| Creditable withholding tax (CWT) | 7,746,285  | 5,663,501  |
| Input value-added tax (VAT)      | 2,930,756  | 4,774,436  |
| Goodwill                         | 1,319,429  | 1,319,429  |
|                                  | 11,996,470 | 11,757,366 |

*Critical accounting judgement: Impairment of Goodwill*

Goodwill pertains to the acquisition of PSTI by PMEI amounting to P1.3 million. The Group reviews at least annually whether there is any objective evidence that the Group's goodwill is impaired.

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

No impairment on goodwill was recognized as at each reporting period.

*Critical accounting judgement: Recoverability of CWT and input VAT*

The Group reviews at each reporting date whether there is any objective evidence that the Group's CWT and input VAT is impaired. In making this judgment, the Group evaluates its revenues and taxable income forecasts against which the CWT and input VAT can be applied. Management believes that the carrying amount of input VAT as at each reporting period will be utilized and can be applied against output VAT payable arising from other income.

CWT is recognized to the extent that it is probable that future tax liabilities will be available against which tax credits can be utilized. Determining the realizability of creditable withholding taxes requires the assessment of the availability of taxable profit expected to be generated from the operations which effectively drives the tax liabilities against which such creditable taxes can be applied.

Management believes that the carrying amount of CWT as at each reporting period is recoverable.

## 6 Financial assets at FVTPL; Financial assets at FVOCI

Financial assets at FVOCI as at December 31 consist of:

|                                    | 2024               | 2023               |
|------------------------------------|--------------------|--------------------|
| <b>FVTPL</b>                       |                    |                    |
| Investment in:                     |                    |                    |
| Unit investment trust funds (UITF) | 107,167,495        | -                  |
| Quoted shares                      | 131,104            | 131,104            |
|                                    | <b>107,298,599</b> | <b>131,104</b>     |
| <b>FVOCI</b>                       |                    |                    |
| Investments in:                    |                    |                    |
| Quoted bonds                       | 515,425,939        | 580,377,590        |
| Quoted shares of stocks            | 248,757,600        | 181,171,339        |
| UITF                               | -                  | 111,514,387        |
| Club memberships                   | 9,300,000          | 9,300,000          |
| Unquoted shares of stocks          | 30,000,000         | 30,000,000         |
|                                    | <b>803,483,539</b> | <b>912,363,316</b> |
|                                    | <b>910,782,138</b> | <b>912,494,420</b> |

Movements of financial assets at FVTPL and FVOCI for the years ended December 31 are as follows:

|                                 | Cost          | Fair value<br>reserve | Carrying value |
|---------------------------------|---------------|-----------------------|----------------|
| <b>At January 1, 2023</b>       | 982,038,050   | (31,293,658)          | 950,744,392    |
| Acquisitions of FVOCI           | 280,073,815   | -                     | 280,073,815    |
| Disposals of FVOCI              | (313,176,566) | 3,909,195             | (309,267,371)  |
| Unrealized loss credited to OCI | -             | (9,056,416)           | (9,056,416)    |
| <b>At December 31, 2023</b>     | 948,935,299   | (36,440,879)          | 912,494,420    |
| Acquisitions of FVOCI           | 235,150,268   | -                     | 235,150,268    |
| Disposals of FVOCI              | (245,123,461) | (1,370,619)           | (246,494,080)  |
| Unrealized loss credited to OCI | -             | 9,631,530             | 9,631,530      |
| <b>At December 31, 2024</b>     | 938,962,106   | (28,179,968)          | 910,782,138    |

The movements in fair value reserve on FVOCI for the years ended December 31 are as follows:

|   | 2024                | 2023                | 2022                |
|---|---------------------|---------------------|---------------------|
| Beginning balance   | (36,440,879)        | (31,293,658)        | 22,822,029          |
| Fair value changes recorded in OCI  | 9,631,530           | (9,056,416)         | (49,477,787)        |
| Reclassification of cumulative fair value changes<br>from OCI to profit or loss on disposal of debt<br>instruments at FVOCI | 14,592              | 2,540,681           | (335,769)           |
| Transfer from other reserves directly to retained<br>earnings on disposal of equity instruments at<br>FVOCI                 | (1,385,211)         | 1,368,514           | (4,302,131)         |
| <b>Ending balance</b>   | <b>(28,179,968)</b> | <b>(36,440,879)</b> | <b>(31,293,658)</b> |

Interest income earned from financial assets at FVOCI in 2024 amounted to P27.6 million (2023 - P25.3 million; 2022 - P22.9 million) (Note 12).

Dividend income earned from financial assets at FVOCI in 2024 amounted to P9.3 million (2023 - P10.0 million; 2022 - P12.6 million) (Note 12).

For the year ended December 31, 2024, realized loss on sale of debt instruments at FVOCI recognized directly to profit or loss amounted to P14,592 (2023 - P2,540,681 loss; 2022 - P335,769 gain).

For the year ended December 31, 2024, realized gain on sale of equity instruments at FVOCI recognized directly to retained earnings amounted to P1,385,211 (2023 - P1,368,514 loss; 2022 - P4,302,131 gain).

The fair values of these financial assets are determined based on quoted market bid prices at the close of business as at reporting date since most of these are actively traded in an organized financial market. The fair value measurement of the financial assets at FVOCI is classified as Level 1 (Quoted bonds, shares of stock and club memberships) and level 2 (UITF) and Level 3 (unquoted shares of stock).

*Critical accounting estimate: Fair value of financial instruments*

Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models that primarily uses as inputs market based or independently sourced market parameters. The Group's financial assets at FVOCI as at each reporting period comprise primarily of equity and debt securities traded in the Philippine Stock Exchange (PSE) which has an active market, wherein securities are traded, or can be bought and sold. Financial assets at FVOCI measured using Level 2 and Level 3 inputs are not material.

The sensitivity analysis on the reasonable possible changes in market prices of the Group's securities is disclosed in Note 21.

## **7 Investment properties**

As at December 31, 2024 and 2023, the Group's investment properties consist of the following:

- On December 29, 2023, the Group obtained nine parcels of land through dacion en pago with a related party amounting to P335,615,126 and covering three hundred eighty-three thousand nine hundred ninety-nine (383,999) square meters located at Ibis, Bagac, Bataan (Note 16). As at December 31, 2023, the land's title is currently being processed for transfer to the name of PHC. In 2024, the Group capitalized transaction costs necessary to transfer the title of the Land to PHC amounting to P5,611,249. As at December 31, 2024, the total cost of the aforementioned land amounted to P341,226,375.
- The Group has certain parcels of land amounting to P2,249,424 and covering one thousand two hundred (1,200) square meters located at Pasinay Bagac, Bataan. On January 16, 2019, the land's title was transferred to the name of PMEI.

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

The investment properties are not pledged as security for liabilities as at each reporting period.

*Critical accounting judgement: Recoverability of investment properties, and property and equipment*

The Group's investment properties and property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. On a regular basis, management determines if there are triggering events or impairment indicators based on current circumstances. An impairment loss is recognized whenever evidence exists that the carrying value is not recoverable.

As at each reporting period, Management believes, based on its assessment and judgment, that there are no indications of impairment or changes in circumstances indicating that the carrying amount of its non-financial assets may be impaired.

## 8 Property and equipment, net

Property and equipment, net as at December 31 consist of:

|   | Transportation equipment | Furniture and fixtures | Office equipment | Office improvement | Total       |
|---|--------------------------|------------------------|------------------|--------------------|-------------|
| <b>At January 1, 2022</b>                   |                          |                        |                  |                    |             |
| Cost  | 5,011,638                | 3,528,775              | 1,251,292        | 39,325             | 9,831,030   |
| Accumulated depreciation                    | (5,009,608)              | (3,528,775)            | (1,192,620)      | (39,325)           | (9,770,328) |
| Net carrying value                          | 2,030                    | -                      | 58,672           | -                  | 60,702      |
| <b>For the year ended December 31, 2022</b> |                          |                        |                  |                    |             |
| Opening carrying value                      | 2,030                    | -                      | 58,672           | -                  | 60,702      |
| Addition                                    | -                        | -                      | 26,518           | -                  | 26,518      |
| Depreciation expense (Note 13)              | (2,030)                  | -                      | (24,870)         | -                  | (26,900)    |
| Closing net carrying value                  | -                        | -                      | 60,320           | -                  | 60,320      |
| <b>At January 1, 2023</b>                   |                          |                        |                  |                    |             |
| Cost  | 5,011,638                | 3,528,775              | 1,277,810        | 39,325             | 9,857,548   |
| Accumulated depreciation                    | (5,011,638)              | (3,528,775)            | (1,217,490)      | (39,325)           | (9,797,228) |
| Net carrying value                          | -                        | -                      | 60,320           | -                  | 60,320      |
| <b>For the year ended December 31, 2023</b> |                          |                        |                  |                    |             |
| Opening carrying value                      | -                        | -                      | 60,320           | -                  | 60,320      |
| Addition                                    | -                        | -                      | 21,864           | -                  | 21,864      |
| Depreciation expense (Note 13)              | -                        | -                      | (30,028)         | -                  | (30,028)    |
| Closing net carrying value                  | -                        | -                      | 52,156           | -                  | 52,156      |
| <b>At January 1, 2024</b>                   |                          |                        |                  |                    |             |
| Cost  | 5,011,638                | 3,528,775              | 1,299,674        | 39,325             | 9,879,412   |
| Accumulated depreciation                    | (5,011,638)              | (3,528,775)            | (1,247,518)      | (39,325)           | (9,827,256) |
| Net carrying value                          | -                        | -                      | 52,156           | -                  | 52,156      |
| <b>For the year ended December 31, 2024</b> |                          |                        |                  |                    |             |
| Opening carrying value                      | -                        | -                      | 52,156           | -                  | 52,156      |
| Addition                                    | -                        | -                      | 13,839           | -                  | 13,839      |
| Depreciation expense (Note 13)              | -                        | -                      | (24,648)         | -                  | (24,648)    |
| Closing net carrying value                  | -                        | -                      | 41,347           | -                  | 41,347      |
| <b>At December 31, 2024</b>                 |                          |                        |                  |                    |             |
| Cost  | 5,011,638                | 3,528,775              | 1,305,714        | 39,325             | 1,305,714   |
| Accumulated depreciation                    | (5,011,638)              | (3,528,775)            | (1,264,367)      | (39,325)           | (1,264,367) |
| Net carrying value                          | -                        | -                      | 41,347           | -                  | 41,347      |

## 9 Trade and other payables

Trade and other payables as at December 31 consist of:

|                   | 2024      | 2023      |
|-------------------|-----------|-----------|
| Trade payables    | 5,926,993 | 3,624,129 |
| Statutory payable | 953,802   | 3,105,041 |
|                   | 6,880,795 | 6,729,170 |

Trade payables are non-interest bearing and are normally settled on a 30-day credit term.

Statutory payables pertain to expanded withholding taxes.

## 10 Lease commitments

### *The Group as a lessee*

The Group has a lease agreement with Philcomsat for its office space for a term of two years subject to renewal under mutual agreement of both parties from January 1, 2019 to December 31, 2020. On January 1, 2021, the lease contract was renewed for another 2 years until December 31, 2022. The annual rent is subject to escalation fee of 5%.

In 2023, the Group entered a new contract of lease with Philcomsat for its office space for a term of two years from January 1, 2023 to December 31, 2024 which is renewable for such period as both parties may agree after expiration of the contract. Based on the lease contract, the leased premises shall be used solely for commercial or business purposes only. The Group subsequently renewed its lease contract for another term in 2025

Movements in the ROU asset as at December 31 are presented below:

|                                | Note | 2024        | 2023        | 2022        |
|--------------------------------|------|-------------|-------------|-------------|
| Net carrying amount, beginning |      | 2,057,355   | 254,286     | 1,971,502   |
| Additions                      |      | -           | 3,601,594   | -           |
| Depreciation                   | 13   | (1,800,797) | (1,798,525) | (1,717,216) |
| Net carrying amount, ending    |      | 256,558     | 2,057,355   | 254,286     |

Details of ROU asset as at December 31 are as follows:

|                          | 2024        | 2023        |
|--------------------------|-------------|-------------|
| Cost                     | 3,601,594   | 3,601,594   |
| Accumulated depreciation | (3,345,036) | (1,544,239) |
|                          | 256,558     | 2,057,355   |

Movements in the lease liability as at December 31 are presented below:

|                   | 2024        | 2023        | 2022        |
|-------------------|-------------|-------------|-------------|
| Beginning balance | 2,131,772   | 257,209     | 2,015,800   |
| Additions         | -           | 3,601,594   | -           |
| Interest expense  | 77,656      | 130,479     | 22,806      |
| Payments          | (1,943,584) | (1,857,510) | (1,781,397) |
| Ending balance    | 265,844     | 2,131,772   | 257,209     |

Future minimum lease payments under lease liability and the net present value of the minimum lease payments as at December 31 follows:

|  | 2024    | 2023      |
|--|---------|-----------|
| Not later than one year                          | 272,070 | 1,943,584 |
| More than one year but not later than five years | -       | 272,070   |
| Total minimum lease obligation                   | 272,070 | 2,215,654 |
| Less: future finance charges on lease liability  | (6,226) | (83,882)  |
|  | 265,844 | 2,131,772 |

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

|                             | 2024      | 2023      | 2022      |
|-----------------------------|-----------|-----------|-----------|
| Depreciation on ROU asset   | 1,800,797 | 1,798,525 | 1,717,216 |
| Interest on lease liability | 77,656    | 130,479   | 22,806    |
|                             | 1,878,453 | 1,929,004 | 1,740,022 |

Depreciation expense from the ROU assets is allocated as follows:

|                                     | Note | 2024      | 2023      | 2022      |
|-------------------------------------|------|-----------|-----------|-----------|
| Cost of services                    | 13   | 269,386   | 282,629   | 267,000   |
| General and administrative expenses | 13   | 1,531,411 | 1,515,896 | 1,450,216 |
|                                     |      | 1,800,797 | 1,798,525 | 1,717,216 |

Total cash outflows for the payment of lease liabilities for the year ended December 31, 2024 amounted to P1,943,584 (2023 - P1,857,510; 2022 - P1,781,397).

*Critical accounting estimate: Determining the incremental borrowing rate*

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Group uses the government bond yield, adjusted for the (1) credit spread specific to each entity under the Group and (2) security using the right-of-use asset.

*Critical accounting judgment: Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

## 11 Equity

*Share capital*

Details of share capital as at December 31, 2024 and 2023 are as follows:

|   | Number of shares | Amount        |
|---|------------------|---------------|
| Common shares at P1 par value per share   |                  |               |
| Authorized shares                         | 1,000,000,000    | 1,000,000,000 |
| Subscribed, issued and outstanding shares | 996,391,254      | 996,391,254   |

Of the total authorized capital stock, sixty million (60,000,000) shares are listed at the Philippine Stock Exchange (PSE).

Each common share confers upon a common shareholder: a) the right to vote at any shareholders' meeting or on any resolution of the shareholders; and b) the right to distribution of income under such terms and conditions as the BOD may approve. All holders of common shares shall have pre-emptive rights to acquire new shares to be issued by the Parent Company.

*Dividends declaration*

During the meeting of the Parent Company's BOD held on November 21, 2022, the Parent Company's BOD approved the declaration and distribution of a special cash dividend of P0.05 per share to all stockholders of record as of December 7, 2022 (or a total of P49,819,563), paid on January 5, 2023. As at each reporting period, the dividends payable outstanding amounted to P5,184,637.

## 12 Income

Income for the years ended December 31 are as follows:

|                      | Notes | 2024       | 2023       | 2022       |
|----------------------|-------|------------|------------|------------|
| Interest income      | 2,3,6 | 35,823,292 | 36,068,922 | 41,520,582 |
| Dividend income      | 6     | 9,279,396  | 10,001,334 | 12,582,725 |
| Retainer fee         |       | 9,478,143  | 7,932,803  | 8,703,143  |
| Stock transfer fee   |       | 264,570    | 219,762    | 185,805    |
| Other service fee    |       | 502,796    | 620,488    | 544,024    |
| Miscellaneous income |       | 1,126,070  | 1,105,244  | -          |
|                      |       | 56,474,267 | 55,948,553 | 63,536,279 |

Interest income included in revenue is earned from the following:

|                           | Notes | 2024       | 2023       | 2022       |
|---------------------------|-------|------------|------------|------------|
| Cash and cash equivalents | 2     | 3,182,857  | 2,633,656  | 958,973    |
| Receivables               | 3     | 5,071,445  | 8,157,033  | 17,603,608 |
| Financial assets at FVOCI | 6     | 27,568,990 | 25,278,233 | 22,958,001 |
|                           |       | 35,823,292 | 36,068,922 | 41,520,582 |

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

## 13 Costs and expenses

Costs and expenses for the years ended December 31 are as follows:

|   | Notes | 2024       | 2023       | 2022       |
|---|-------|------------|------------|------------|
| Cost of services:                       |       |            |            |            |
| Salaries and other benefits             |       | 1,556,697  | 1,471,720  | 1,431,966  |
| Professional fees                       |       | 883,567    | 1,213,459  | 1,900,375  |
| Depreciation                            | 10    | 280,794    | 282,629    | 267,000    |
| Communication, light and water          |       | 118,036    | 226,874    | 122,669    |
| Dues and subscription                   |       | 56,692     | 56,692     | 56,692     |
| Transportation and travel               |       | 15,596     | 49,191     | 215,004    |
| Medical                                 |       | -          | 19,846     | 1,768      |
|   |       | 2,911,382  | 3,320,411  | 3,995,474  |
| General and administrative expenses     |       |            |            |            |
| Professional fees                       |       | 13,064,710 | 11,661,811 | 13,333,873 |
| Representation and entertainment        |       | 4,082,685  | 3,009,953  | 2,958,904  |
| Outside services                        |       | 3,538,788  | 3,137,717  | -          |
| Directors' fees                         | 16    | 3,000,000  | 3,425,000  | 3,600,000  |
| Transportation and travel               |       | 2,201,341  | 2,439,129  | 3,136,130  |
| Bank charges                            |       | 1,980,566  | 1,711,073  | 1,522,609  |
| Depreciation                            | 8,10  | 1,544,651  | 1,545,924  | 1,477,116  |
| Impairment of assets held for sale      | 4     | 1,125,882  | 1,150,790  | -          |
| Taxes and licenses                      |       | 633,227    | 479,176    | 419,313    |
| Provision for impairment of receivables | 3     | 341,205    | 2,028,920  | 13,333     |
| Office supplies                         |       | 286,499    | 384,392    | 358,258    |
| Dues and subscription                   |       | 247,950    | -          | -          |
| Communication, light and water          |       | 228,379    | -          | -          |
| Legal fees                              |       | 150,898    | 814,196    | 799,032    |
| Advertising                             |       | 126,968    | 296,339    | 594,164    |
| Others                                  |       | 1,724,748  | 676,753    | 1,136,994  |
|   |       | 34,278,497 | 32,761,173 | 29,349,726 |
| Total costs and expenses                |       | 37,189,879 | 36,081,584 | 33,345,200 |

## 14 Other (expense) income, net

Other (expense) income, net for the years ended December 31 are as follows:

|  | Notes | 2024      | 2023        | 2022      |
|--|-------|-----------|-------------|-----------|
| Realized (loss) gain on sale of FVOCI debt instruments | 6     | (14,592)  | (2,540,681) | 335,769   |
| Unrealized foreign exchange (loss) gain                |       | 1,327,511 | (272,199)   | 6,183,896 |
| Unrealized gain (loss) on financial assets at FVTPL    |       | -         | 28,920      | (4,700)   |
| Gain from extinguishment of debt                       | 16    | -         | 36,971      | -         |
|  |       | 1,312,919 | (2,746,989) | 6,514,965 |

As discussed in Note 16, the extinguishment of debt in 2023 resulted from the assignment of certain parcels of land by the Parent Company in exchange for the settlement of the Notes receivable and Advances amounting to P35,356,250 and P272,046,695, respectively. The fair value of the parcels of land received by PHC amounted to P335,615,126 (Level 2). The extinguishment is considered a non-cash operating and investing activity for purposes of statements of cash flows reporting.

## 15 Income tax

### *Income tax expense*

The components of income tax benefit as shown in profit or loss for the years ended December 31 are as follows:

|                                     | 2024      | 2023        | 2022      |
|-------------------------------------|-----------|-------------|-----------|
| Current tax expense - current year  | 925,945   | 770,379     | 798,912   |
| Current tax expense - prior periods | 1,375,108 | -           | -         |
| Deferred                            | 412,415   | (1,671,909) | 744,263   |
|                                     | 2,713,468 | (901,530)   | 1,543,175 |

The reconciliation of the income tax benefit computed at statutory tax rate to provision for income tax expense for the years ended December 31 are as follows:

|  | 2024        | 2023        | 2022        |
|--|-------------|-------------|-------------|
| Income tax at applicable statutory tax rate            | 7,688,149   | 4,120,637   | 9,186,392   |
| Add (deduct) tax effects of:                           |             |             |             |
| Interest income already subjected to final tax         | (7,968,332) | (7,330,981) | (6,384,729) |
| Derecognition of NOLCO for the year                    |             | 2,558,206   | 1,230,955   |
| Dividend income subject to final tax                   | (5,419,479) | (2,500,334) | (3,145,563) |
| Change in unrecognized deferred income tax assets      | 5,273,092   | 671,839     | -           |
| Income tax payment from prior periods                  | 1,375,108   | -           | -           |
| Nondeductible expenses                                 | 1,761,282   | 733,693     | 712,872     |
| Tax expense from MCIT                                  | -           | 210,240     | 184,157     |
| Realized loss (gain) on sale of FVOCI debt instruments | 3,648       | 635,170     | (83,942)    |
| Others   | -           | -           | (156,967)   |
|  | 2,713,468   | (901,530)   | 1,543,175   |

*Deferred income tax*

The components of the Group's deferred income tax (DIT) assets (liabilities), net as at December 31 are as follows:

|   | 2024       | 2023       |
|---|------------|------------|
| Lease liabilities, net                          | 1,857      | 640        |
| Allowance for doubtful accounts                 | 5,679      | 488,290    |
| Provision for impairment of asset held for sale | -          | 287,697    |
| Unrealized foreign exchange gain                | (331,878)  | -          |
| NOLCO   | 18,343,652 | 13,076,344 |
| MCIT  | 495,998    | 509,113    |
|   | 18,515,308 | 14,362,084 |
| Recognized DIT assets (liabilities), net        | (280,216)  | 132,199    |
| Unrecognized DIT asset                          | 18,515,308 | 14,229,885 |

*Net operating loss carryover (NOLCO)*

The Republic Act No. 9337 (the "Act") provided the NOLCO privilege which can be carried over as a deduction for the three succeeding taxable years immediately following the year such loss was incurred.

In 2020, pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

Details of NOLCO at December 31 are as follows:

*Parent Company*

| Year incurred   | Year of expiration | 2024              | 2023              |
|-----------------|--------------------|-------------------|-------------------|
| 2020            | 2025               | 16,289,059        | 16,289,059        |
| 2021            | 2026               | 20,758,171        | 20,758,171        |
| 2022            | 2025               | 4,918,973         | 4,918,973         |
| 2023            | 2026               | 10,232,824        | 10,232,824        |
| 2024            | 2027               | 20,963,200        | -                 |
| <b>Subtotal</b> |                    | <b>73,162,227</b> | <b>52,199,027</b> |
| <b>Tax rate</b> |                    | <b>25%</b>        | <b>25%</b>        |
|                 |                    | <b>18,290,557</b> | <b>13,049,757</b> |

*PMEI*

| Year incurred   | Year of expiration | 2024          | 2023          |
|-----------------|--------------------|---------------|---------------|
| 2023            | 2026               | 216,835       | 132,934       |
| <b>Tax rate</b> |                    | <b>20%</b>    | <b>20%</b>    |
|                 |                    | <b>43,367</b> | <b>26,587</b> |

#### *Minimum corporate income tax (MCIT)*

As provided under the Act, the Group shall pay the minimum corporate income tax (MCIT) or regular corporate income tax (RCIT), whichever is higher. Any excess of MCIT over the RCIT shall be carried forward on an annual basis and credited against RCIT for the next three succeeding taxable years. MCIT shall be imposed beginning on the fourth taxable year immediately following the taxable year in which such corporation started its business operations.

On March 26, 2021, Republic Act No. 11534, was signed into law. Under this law, effective July 1, 2020, the MCIT rate was reduced from 2% to one percent (1%) until June 30, 2023.

Effective July 1, 2023, the MCIT rate reverted to its original 2% based on the taxpayers gross income. For taxable year 2023, a two-tiered MCIT rate applies: 1% for the period January 1 to June 30, 2023 and 2% for the period July 1 to December 31, 2023.

In March 2024, Revenue Memorandum Circular No. 36-2024 issued by the Bureau of Internal Revenue (BIR) provided a clarification in manner of computing the MCIT for taxable year 2023. For taxpayers with calendar year ends, the MCIT rate to be used is 1.50% in 2023.

Details of MCIT as at December 31 are as follows:

| Year incurred                  | Year of expiration | 2024             | 2023             |
|--------------------------------|--------------------|------------------|------------------|
| 2020                           | 2023               | -                | 139,386          |
| 2021                           | 2024               | d                | 113,892          |
| 2022                           | 2025               | 184,157          | 184,157          |
| 2023                           | 2026               | 211,064          | 211,064          |
| 2024                           | 2027               | 100,777          | -                |
| <b>Subtotal</b>                |                    | <b>609,890</b>   | <b>648,499</b>   |
| <b>Expired during the year</b> |                    | <b>(113,892)</b> | <b>(139,386)</b> |
|                                |                    | <b>495,998</b>   | <b>509113</b>    |

#### *Critical accounting judgment: Recoverability of DIT assets*

Realization of future tax benefit related to DIT assets is dependent on the Group's ability to generate future taxable income during the periods in which these are expected to be recovered. The Group has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at each reporting period and regularly reviews the recoverability of the DIT assets to be recognized.

## 16 Related party transactions

The table below summarizes the Group's transactions and balances with its related parties.

|                               | Terms and conditions  | Transactions |            |            | Balances             |              |
|-------------------------------|---|--------------|------------|------------|----------------------|--------------|
|                               |   | 2024         | 2023       | 2022       | Receivable (Payable) | 2024         |
| <b>Notes receivable</b>       | Unsecured note, due on demand and bears interest of 5% to 7% per annum. Amounts are payable in cash on a gross basis. Interest bearing, unsecured, with no guarantee. | -            | -          | -          | -                    | -            |
| Parent Company                |   |              |            |            | 1,630,000            | 941,644      |
| <i>Principal Interest</i>     |   | -            | -          | -          | -                    | -            |
| Entities under common control |   |              |            |            | 54,305,002           | 56,805,002   |
| <i>Principal Interest</i>     |   | -            | 8,000,000  | -          | 148,210              | 1,346,188    |
|                               |   | 3,287,114    | 3,021,025  |            |                      | 4,021,415    |
|                               |   | -            | 11,021,025 |            | 55,651,190           | 61,768,061   |
| <b>Advances</b>               | These are advances made by the related party for various project related expenses.  | -            | -          | 74,477,190 | -                    | 211,867      |
| Parent Company                |   |              |            |            | 9,570,207            | -            |
| <i>Principal Interest</i>     |   | -            | -          | -          | -                    | -            |
| Entities under common control | Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, interest bearing and due on demand.  | -            | -          | 3,085,478  | 5,000,000            | 6,726,316    |
| <i>Principal Interest</i>     |   | -            | 347,085    | 19,819     | -                    | -            |
|                               |   | 302,653      |            |            | 5,000,000            | 6,938,183    |
| <b>Due to related parties</b> | These are advances made by the related party for various project related expenses.  | -            | 28,344,614 | -          | (78,106)             | (28,344,614) |
| Ultimate Parent Company       | Amounts are payable in cash on a gross basis. These are unsecured, non-interest bearing and due on demand.  |              |            |            |                      |              |

|                                      | Terms and conditions  | Transactions |             |           | Balances                     |              |
|--------------------------------------|---|--------------|-------------|-----------|------------------------------|--------------|
|                                      |   | 2024         | 2023        | 2022      | Receivable (Payable)<br>2024 | 2023         |
| <b>Extinguishment of debt</b>        | On December 29, 2023, the Group and its Parent Company executed a deed of assignment of land by way of dacion en pago.  | -            | 36,000,000  | -         | -                            | -            |
| Notes receivable from Parent Company |   |              |             |           |                              |              |
| Advances from Parent Company         | In the agreement, the Parent Company assigned nine parcels of land to the Group in satisfaction of P335,578,155 debt. The land is located in Bagac, Bataan with a total area of 383,999 sqm valued at P335,615,126. The agreement resulted in P36,971 gain (Note 14).   | -            | 271,402,945 | -         | -                            | -            |
| <b>Future stock subscription</b>     |   |              |             |           |                              |              |
| Parent Company                       | As discussed in Note 1.1, the Parent Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Parent Company. Consequently, the Parent Company received P18,894,000 as deposit for future stock subscription.   | -            | -           | -         | (18,894,000)                 | (18,894,000) |
|                                      | As discussed in Note 1.1, as at each report date, the resolution to increase the Parent Company's authorized capital stock is awaiting ratification by the stockholders and pending application with SEC, hence recorded as non-current liabilities.  |              |             |           |                              |              |
| <b>Leases</b>                        |   |              |             |           |                              |              |
| Parent Company                       | The Parent Company has a lease agreement with the Parent Company for the rent of its office space located at the 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City. The lease term is for two years and is renewable under mutual agreement of both parties. Transactions during the year pertains to the actual lease payments made during the year. Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand. | 1,535,480    | 1,462,361   | 1,392,725 | -                            | -            |

|                                    | Terms and conditions   | Transactions |           |           | Balances                     |             |
|------------------------------------|--|--------------|-----------|-----------|------------------------------|-------------|
|                                    |  | 2024         | 2023      | 2022      | Receivable (Payable)<br>2024 | 2023        |
| <b>Dividends</b>                   |  |              |           |           |                              |             |
| Shareholders                       | Refer to Note 11.  | -            | -         | -         | (5,184,637)                  | (5,184,637) |
| <b>Expense recharges</b>           |  |              |           |           |                              |             |
| Entities under common control      | These are recharges made by a related party for association dues and utilities taxes paid by the related party on behalf of the Group. These are billed at cost.<br><br>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.   | 312,190      | 358,442   | 251,781   | -                            | -           |
| <b>Key management compensation</b> |  |              |           |           |                              |             |
| Director's fees                    | Key management compensation of the Group consists of directors' fees. The Group does not have amounts receivables from/payables to key management personnel arising from the above agreement as at each reporting period. The Group does not have any regular employees. The accounting and management services are under the management of Philcomsat, its ultimate parent company. | 3,000,000    | 3,425,000 | 3,600,000 | -                            | -           |

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

|                                 | 2024       | 2023         | 2022       |
|---------------------------------|------------|--------------|------------|
| As at December 31               |            |              |            |
| Investment in subsidiaries      | 29,305,002 | 29,305,002   | 29,305,002 |
| Due to related parties          | -          | (18,550,738) | -          |
| For the years ended December 31 |            |              |            |
| Dividend income                 | 13,000,000 | -            | 1,800,000  |
| Retainer fees                   | 195,000    | 215,340      | 180,000    |

## 17 Earnings per share

Basic/diluted earnings per share for the years ended December 31 as follows:

|   | 2024        | 2023        | 2022        |
|---|-------------|-------------|-------------|
| Profit for the year                           | 17,806,183  | 17,891,031  | 35,140,063  |
| Weighted average number of shares outstanding | 996,391,254 | 996,391,254 | 996,391,254 |
|   | 0.0179      | 0.0180      | 0.0353      |

## 18 Civil cases

An action was filed in the Sandiganbayan by a group claiming to be directors and officers of POTC and Philcomsat seeking to enjoin the present directors and officers of POTC and Philcomsat from representing themselves as directors and officers and representatives of the Parent Company. The Parent Company sought the dismissal of the complaint against it on the ground that it is not a real party-in-interest since the injunction being sought is not directed against it. The Sandiganbayan issued a decision dismissing the case. The group alleging that they are the POTC and Philcomsat board of directors, however, appealed the case with the Supreme Court (SC) on November 10, 2008. The SC consolidated this case with three other cases.

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

The Parent Company also filed cases for the recovery of advances made by former directors and officers of the Parent Company. These cases are now pending resolution with the Department of Justice (DOJ).

## 19 Litigation

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

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

PHC, through the valid and incumbent directors (Bildner Group) filed a Motion for Issuance of Writ of Execution with the Regional Trial Court (RTC) of Makati Branch 138 as court of origin, following the final resolution of SC declaring the election of Locsin Group as PHC's officers and directors. Accordingly, the SC ordered the Locsin Group to render an accounting and return of funds allegedly received from the Parent Company. An Order granting the Motion was issued on February 20, 2017, resulting to the issuance of the Writ of Execution on February 28, 2017. On January 9, 2018, PHC filed a manifestation for the implementation of the Writ of Execution.

On February 9, 2018, an Order was issued directing PHC, within thirty (30) days from receipt, to submit its preferred accounting firm who will conduct the accounting of all funds and other assets received from POTC, PHC and Philcomsat since September 2004. On February 22, 2018, PHC filed its Ex-Parte Manifestation and Motion, in compliance with the said Order.

On July 11, 2018, the Sheriff of the Office of the Clerk of Court of Makati served the Writ of Execution to Manuel Andal, Benito Araneta, Philip Brodett, Enrique Locsin, Concepcion Poblador and Johnny Tan. On June 6, 2019, PHC filed an Ex-Parte Motion to Resolve the pending motion to appoint Virgilio R. Santos as the auditing accounting firm for the execution of the SC Decision dated July 3, 2013 issued in GR Nos. 184622, 184712-14, 186066 and 186590. There was a status conference held in this case on December 13, 2019 where the Court required the defendants to provide a name of their selected accountant to move forward with the audit. The defendants failed or refused again to comply, so the Court is likely to appoint Philcomsat's proposed accountant, Virgilio R. Santos, to do the audit. On May 18, 2022, Philcomsat filed an Ex-Parte Motion to Resolve praying that an Order be issued allowing VRS to commence the accounting of corporate funds received, utilized and disbursed by all the defendants and their assigns, which the Court granted in its Order of June 3, 2022. However, VRS has already retired. The issue of who would render the audit remains unsolved.

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

On August 8, 2018, PCGG filed its Motion for Reconsideration on the denial of its Motion for Exclusion. On October 29, 2018, Philcomsat filed its Opposition thereto.

Meanwhile, PCGG and Locsin filed a Petition for Review with the Supreme Court (SC) questioning the Decision issued by the CA dated January 30, 2018, which dismissed their Appeal. Philcomsat filed its comment thereto on November 6, 2018. PCGG filed its Reply on February 17, 2020.

Separately, Brodett filed his Petition for Certiorari under Rule 65 with the CA assailing the Order issued by the RTC, which denied his Motion for Clarification on the issue of rendering an accounting of the funds. The CA denied his Petition on the ground that clarification may only be allowed if the order involves a clerical error but not when it is an alleged erroneous judgment or dispositive portion of the decision. Since Brodett's Motion for Clarification was raised questioning the grant of a writ of execution, the CA held that it cannot be subject of a motion for clarification.

On December 15, 2017, the CA's dismissal was issued and the case was considered terminated. Brodett still filed his Motion for Reconsideration, which was denied on May 10, 2018. Brodett elevated the matter to the SC via Petition for Review but the SC denied the same in a Resolution dated August 29, 2018.

On December 7, 2022, the Court issued a Resolution requiring the parties to file their respective memoranda. Philcomsat filed its Memorandum on March 10, 2023.

- Complaint for collection against Araneta and Lokin

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

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

Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively. On January 16, 2018, the Court of Appeals (CA) required defendants to file Appellant's Brief within 45 days from receipt thereof. On April 20, 2018 and May 7, 2018, PHC received Lokin and Araneta's Appellant's Briefs, respectively. On June 5, 2018, PHC filed its Appellee's Brief.

On September 18, 2018, PHC filed a Compliance submitting proof of service of its Appellee's Brief to defendants in accordance with the CA's Resolution dated July 2, 2018. On April 25, 2019, the CA issued a Decision granting Araneta's appeal.

On May 30, 2019, PHC filed its Motion for Reconsideration of the said Decision. On July 11, 2019, Araneta filed his Comment thereto, in accordance with the Resolution dated June 6, 2019 issued by the CA to file the same.

On October 24, 2019, the Court of Appeal issued a Resolution denying PHC's Motion for Reconsideration. On November 26, 2019, PHC elevated the case to the Supreme Court via Petition for Review on Certiorari under Rule 45. On March 9, 2020, Araneta filed his Comment. On July 21, 2023, Araneta filed a Motion for Early Resolution.

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

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

On June 14, 2016, an Order was issued allowing Brodett to present his defense only with respect to the P27.0 million and P9.3 million which allegedly came from PHC funds and not in the whole amount of P66.8 million. On July 1, 2016, a Motion for Reconsideration of the said Order was filed by the Private Prosecutor (Parent Company).

On August 30, 2016, the Private Prosecutor (Parent Company) filed a Reply to Brodett's Comment/Opposition dated August 25, 2016. After the presentation of defense evidence has already been concluded on June 5, 2018, the accused filed their Formal Offer of Evidence, which was partially admitted by the Court on August 28, 2018.

On February 21, 2020, the Court promulgated its judgment finding accused Brodett guilty for the crime of theft, sentencing him to the penalty of imprisonment for a minimum period of four (4) years, two (2) months, one (1) day, to a maximum period of sixteen (16) years and 4 months. He was also found civilly liable to pay PHC the amount of P14,235,700, with legal interest of 12% per annum from April 11, 2008 until June 30, 2013 and the total obligation plus 6% legal interest from July 1, 2013 until fully paid.

On March 3, 2020, Brodett filed his Motion for Partial Reconsideration of the Decision. On July 1, 2020, PHC filed its Consolidated Comment/Opposition thereto. In ruling Brodett's Motion for Reconsideration, the Court again promulgated the case on December 2, 2020 and affirmed Brodett's conviction. He then filed an appeal on December 3, 2020.

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

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

- Criminal complaint against Concepcion A. Poblador

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

On January 7, 2014, the Parent Company filed a Petition for Certiorari praying that the DOJ file new information against Ms. Poblador for estafa for the total amount of P16.7 million.

On January 10, 2014, the Parent Company received a Petition for Certiorari filed by Ms. Poblador seeking the reversal of the Resolution directing the filing of an Information for estafa against her for P0.2 million. On August 29, 2014, the two petitions were consolidated.

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

On November 29, 2017, Poblador filed a Manifestation adopting her previous Memorandum dated December 22, 2014 as her compliance with the Resolution dated October 11, 2017. The Office of the Solicitor General filed a Manifestation and Motion on November 24, 2017 asking that the DOJ Secretary be excused from filing a Memorandum. Based on the Resolution of the Court requiring the parties anew to file their respective Memorandum, PHC's (2nd) Memorandum was filed on December 13, 2017, within the extended period prayed for.

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

On November 3, 2020, Poblador filed her Petition for Review with the Supreme Court.

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

## **20 Critical accounting estimates, assumptions, and judgments**

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### *(a) Critical accounting estimates and assumptions*

- Provision of impairment of receivables and due from related parties (Notes 3 and 16)
- Fair value of financial instruments (Note 6)
- Determining the incremental borrowing rate for leases (Note 10)

(b) *Critical accounting judgments in applying the Group's accounting policies*

- Recoverability of due from related parties (Note 16)
- Recoverability of input VAT and tax credits (Notes 5)
- Recoverability of investment properties, and property and equipment (Note 7)
- Determining the lease term (Note 10)

## 21 Financial risk management and capital management

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Financial risk management is carried out by management under the direction of the Parent Company's BOD. Management identifies and evaluates financial risks in close cooperation with the Group's department heads. The Parent Company's BOD reviews and approves policies and procedures covering specific financial risk areas. These policies and procedures enable the Group's management to make strategic and informed decisions with regard to the operations of the Group.

The most important types of risk the Group manages are credit risk, market risk and liquidity risk. Market risk includes foreign exchange, interest and price risks. The Group has no significant financial assets and liabilities that are exposed to foreign exchange and interest risk.

### *Components of financial assets and liabilities*

Details of the Group's financial assets as at December 31 are as follows:

|   | Notes | 2024          | 2023          |
|---|-------|---------------|---------------|
| Financial assets measured at amortized cost |       |               |               |
| Cash and cash equivalents                   | 2     | 121,712,962   | 119,750,672   |
| Receivables                                 | 3     | 114,872,989   | 119,371,493   |
| Due from related parties                    | 16    | 5,000,000     | 6,938,183     |
| Financial assets at FVTPL                   |       | 107,298,599   | 131,104       |
| Financial assets at FVOCI                   | 6     | 803,483,539   | 912,363,316   |
|   |       | 1,152,368,089 | 1,158,554,768 |

Other current assets consist of advances subject for liquidation, hence not considered as financial assets.

Other non-current assets consist of CWT and input VAT which not considered as financial assets since they do not arise from contractual arrangements.

Details of the Group's financial liabilities as at December 31 are as follows:

|                                       | Notes | 2024       | 2023       |
|---------------------------------------|-------|------------|------------|
| Trade payables                        | 9     | 5,926,993  | 3,624,129  |
| Lease liability                       | 10    | 265,844    | 2,131,772  |
| Dividends payable                     |       | 5,184,637  | 5,184,637  |
| Due to a related party                | 16    | 219,353    | 28,344,614 |
| Deposit for future stock subscription | 16    | 18,894,000 | 18,894,000 |
|                                       |       | 30,490,827 | 58,179,152 |

Other payables consisting of customer deposits and statutory payables not arising from contractual arrangements are not considered as financial liabilities.

### *Credit risk*

Credit risk refers to the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation.

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

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivables and amounts due from a related party.

There is no significant concentration of credit risk, whether through exposure to individual counterparties or specific industry sectors.

The maximum exposure to credit risk for the Group's financial assets are as follows:

|   | Gross carrying amount | Net carrying amount  | Internal credit rating | Basis for recognition of ECL |
|---|-----------------------|----------------------|------------------------|------------------------------|
| <b><u>December 31, 2024</u></b>         |                       |                      |                        |                              |
| Cash in banks and short-term placements | 121,706,719           | 121,706,719          | Performing             | 12-month ECL                 |
| Receivable                              |                       |                      |                        |                              |
| Group 1                                 | 114,872,989           | 114,872,989          | Performing             | 12-month ECL                 |
| Group 2                                 | 1,564,965             | -                    | Impaired               | Full provision               |
| Due from related parties                | 5,000,000             | 5,000,000            | Performing             | 12-month ECL                 |
| Financial assets at FVTPL               | 107,298,599           | 107,298,599          | Performing             | Not applicable               |
| Financial assets at FVOCI               | 803,483,539           | 803,483,539          | Performing             | Not applicable               |
|   | <b>1,153,926,811</b>  | <b>1,152,361,846</b> |                        |                              |
| <b><u>December 31, 2023</u></b>         |                       |                      |                        |                              |
| Cash in banks and short-term placements | 119,739,572           | 119,739,572          | Performing             | 12-month ECL                 |
| Receivables                             |                       |                      |                        |                              |
| Group 1                                 | 119,371,493           | 119,371,493          | Performing             | 12-month ECL                 |
| Group 2                                 | 2,057,317             | -                    | Impaired               | Full provision               |
| Due from related parties                | 6,938,183             | 6,938,183            | Performing             | 12-month ECL                 |
| Financial assets at FVTPL               | 131,104               | 131,104              | Performing             | Not applicable               |
| Financial assets at FVOCI               | 912,363,316           | 912,363,316          | Performing             | Not applicable               |
|   | <b>1,160,600,985</b>  | <b>1,158,543,668</b> |                        |                              |

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

#### *Cash and cash equivalents*

The Group has policies that limit the amount of credit exposure with financial institutions. Management assessed that all of the Group's cash in bank are deposited with a well-capitalized financial institution and a reputable universal bank with strong financial standing. While cash on hand is also subject to requirements of PFRS 9, the expected credit loss is deemed immaterial.

#### *Receivables*

The Group's outstanding receivables from corporate notes and its related interest. The Group does not expect significant credit exposure on this receivable considering that these are short-term investments in promissory notes of reputable and listed institutions with good credit rating.

Credit quality of customers are classified as follows:

Group 1 - Customer and counterparty balances without history of default and assessed to be fully recoverable.

Group 2 - Individually assessed customer with defaults and which the Group no longer expects to recover the balance despite its collection efforts.

### *Due from related parties*

Due from related parties arising from advances are collectible within 12 months. Expected credit losses are based on the assumption that repayment of balances outstanding will not be compromised considering these are receivables from entities under common control with no history of default.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of a related party, Group has assessed that the outstanding balances are exposed to low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

None of the fully performing financial assets have been renegotiated during each of the reporting periods.

### **Liquidity risk**

The Group manages liquidity risk by maintaining sufficient cash to meet the Group's operational commitment and finance its operation and working capital requirements.

Prudent liquidity risk management implies maintaining sufficient cash, timely collection of receivables and availability of funding through an adequate amount of facilities. The Group aims to maintain flexibility in funding by keeping track of its cash collections from dividends. The Group may also obtain funding from its shareholders, as well from third-party banking institutions, as necessary, to finance its operations and working capital requirements.

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

|                                       | Less than 12 months | More than 1 year | Total      |
|---------------------------------------|---------------------|------------------|------------|
| <i>At December 31, 2024</i>           |                     |                  |            |
| Trade and other payables              | 5,926,993           | -                | 5,926,993  |
| Lease liability, gross                | 265,844             | -                | 265,844    |
| Dividends payable                     | 5,184,637           | -                | 5,184,637  |
| Due to a related party                | 219,353             | -                | 219,353    |
| Deposit for future stock subscription | 18,894,000          | -                | 18,894,000 |
|                                       | 30,490,827          | -                | 30,490,827 |
| <i>At December 31, 2023</i>           |                     |                  |            |
| Trade and other payables              | 3,624,129           | -                | 3,624,129  |
| Lease liability, gross                | 1,943,584           | 272,070          | 2,215,654  |
| Dividends payable                     | 5,184,637           | -                | 5,184,637  |
| Due to a related party                | 28,344,614          | -                | 28,344,614 |
| Deposit for future stock subscription | 18,894,000          | -                | 18,894,000 |
|                                       | 57,990,964          | 272,070          | 58,263,034 |

### **Market risk**

#### *Price risk*

Equity price risk is the risk that the fair values of equity instruments recognized under financial assets at FVOCI decrease as the result of changes in the levels of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of the Group's investments in financial assets at FVTPL and financial assets at FVOCI which consist primarily of investment in listed and traded securities.

The Group measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations. The table below sets forth the impact of changes in PSEi in other comprehensive income for each of the periods ended December 31:

|      | Increase (decrease)<br>in PSEi | Increase (decrease) in other<br>comprehensive income |
|------|--------------------------------|--|
| 2024 | 16%<br>(6%)                    | 40,990,505<br>(14,109,418)                           |
| 2023 | 11%<br>(7%)                    | 19,313,028<br>(13,377,391)                           |
| 2022 | 15%<br>(13%)                   | 33,841,175<br>(29,765,729)                           |

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the net unrealized gain (loss) for the year, based on the adjusted beta rate of equity securities as at each reporting period. The reasonable possible changes in the market price of investments were determined based on Group's analysis of the movement in share prices for the next 30 days from the close of the financial year.

#### *Foreign currency exchange risk*

The Group is exposed to foreign currency exchange risk arising from currency exposures, primarily with respect to the US Dollar. Foreign currency exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Parent Company's functional currency.

The Group's foreign-currency denominated financial instrument as at December 31, 2024 consists of cash in banks and cash equivalents totaling US\$25,720 (2023 - US\$586,634). The Group's exposure to foreign currency risk is insignificant.

#### *Interest rate risk*

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

The Group measures the sensitivity of its investment securities by using PHP BVAL reference rate fluctuations. The table below sets forth the impact of changes in PHP BVAL in the Group's other comprehensive income for each of the periods ended December 31:

|      | Increase (decrease) in<br>PHP BVAL | Increase (decrease) in other<br>comprehensive income |
|------|------------------------------------|--|
| 2024 | 11%<br>(10%)                       | 55,644,178<br>(51,306,812)                           |
| 2023 | 14%<br>(5%)                        | 81,643,390<br>(28,957,310)                           |
| 2022 | 9%<br>(42%)                        | 53,969,615<br>(239,401,184)                          |

## **Capital risk management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders and obtain borrowings from banks or to related party.

The capital that the Group manages is the total equity as shown in the statements of financial position.

The Group is not subject to any externally imposed capital requirements.

## **Fair value estimation**

As at each reporting period, the carrying amounts of the Group's financial assets and liabilities, other than those already disclosed in the preceding paragraphs, reasonably approximate their fair values due to the short-term nature of these financial instruments.

The different levels in the fair value hierarchy have been defined in Note 22.2. There were no transfers between Levels 1, 2 and 3 during each of the reporting periods.

## **22 Summary of material accounting policies**

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

### **22.1 Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards,
- PAS Standards, and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC).

These consolidated financial statements have been prepared under the historical cost convention, except for the measurement of financial assets at FVTPL and FVOCI, and assets held for sale.

The preparation of consolidated financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are summarized in Note 20.

## **Changes in accounting policies and disclosures**

### **(a) New and amended standards adopted by the Group**

The Group has applied the following amendments for the first time for its annual reporting period commencing January 1, 2024:

- Amendments to PAS 1, 'Presentation of Financial Statements'

Amendments made to PAS 1 in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. If the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- The carrying amount of the liability
- Information about the covenants (including the nature of the covenants and when the entity is required to comply with them)
- Facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with PAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

- Amendment to PFRS 16, 'Lease Liability in Sale and Leaseback'

In September 2022, the IASB finalized narrow-scope amendments for sale and leaseback transactions in IFRS 16 Leases. This specifies how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact transactions where the lease payments include variable payments not dependent on an index or a rate.

- Amendments to PAS 7 and PFRS 7, 'Supplier Finance Arrangement'

On May 25, 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). These amendments respond to investors' need for more information about SFAs to assess how these arrangements affect an entity's liabilities, cash flows, and liquidity risk.

The new disclosures will provide information about:

- (1) The terms and conditions of SFAs.
- (2) The carrying amount of financial liabilities that are part of SFAs, and the line items in which those liabilities are presented.
- (3) The carrying amount of the financial liabilities in (2), for which the suppliers have already received payment from the finance providers.
- (4) The range of payment due dates for both the financial liabilities that are part of SFAs and comparable trade payables that are not part of such arrangements.
- (5) Non-cash changes in the carrying amounts of financial liabilities in no. 2.
- (6) Access to SFA facilities and concentration of liquidity risk with the finance providers.

Entities will be required to aggregate the information they provide about SFAs. However, they should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes needed for comparability between periods.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

The amendments to PAS 1, 7, and 8 and PFRS 7 and 16 did not have a material impact on the financial statements of the Group.

There are no other new standards, interpretations, and amendments to existing standards effective January 1, 2024, that are considered to be relevant or have a material impact on the financial statements.

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below:

- Amendments to PAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after January 1, 2025)

In August 2023, the IASB amended PAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Group does not expect these amendments to have a material impact on its operations or financial statements.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after January 1, 2026)

On May 30, 2024, the IASB issued targeted amendments to PFRS 9 and PFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its operations or financial statements.

- PFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after January 1, 2027)

Issued in May 2024, PFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its operations or financial statements.

- PFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027)

PFRS 18 will replace PAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements.

The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- management-defined performance measures;
- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
- for the first annual period of application of PFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying PAS 1.

From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

## 22.2 Financial assets

### *Classification*

The Group classifies its financial assets in the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through profit or loss (FVTPL), and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### *Financial assets at amortized cost*

The Group classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Group's financial assets at amortized cost comprise of cash, receivables, and due from a related party.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months at the end of the reporting period.

#### *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition as at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses on investments held for trading net of interest income accrued on these assets, are recognized in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as financial assets at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited. Financial assets may be designated by management on initial recognition as at FVTPL, if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains and losses on them on a different basis; or
- The assets are part of group of financial assets, liabilities or both which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

#### *Financial assets at FVOCI*

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity security which is not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. This is a strategic investment and the Group considers this classification to be more relevant. On disposal of this equity investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

As at each reporting period, investments in shares of stocks of various listed corporations, UITFs, traded bonds and club memberships are designated as financial assets at FVOCI.

### *Recognition and measurement*

The Group recognizes a financial asset in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

### *Derecognition*

The basic premise for the derecognition model is to determine whether the asset under consideration for derecognition is:

- an asset in its entirety or
- specifically identified cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of the cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets).

Once the asset under consideration for derecognition has been determined, an assessment is made as to whether the asset has been transferred, and if so, whether the transfer of that asset is subsequently eligible for derecognition.

An asset is transferred if either the entity has transferred the contractual rights to receive the cash flows, or the entity has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows on under an arrangement that meets the following conditions:

- the Group has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset;
- the Group is prohibited from selling or pledging the original asset (other than as security to the eventual recipient); and
- the Group has an obligation to remit those cash flows without material delay.

Once the Group has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

If the Group has neither retained nor transferred substantially all of the risks and rewards of the asset, then the Group must assess whether it has relinquished control of the asset or not. If the Group does not control the asset then derecognition is appropriate; however, if the Group has retained control of the asset, then the Group continues to recognize the asset to the extent to which it has a continuing involvement in the asset.

### *Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented as part of cost and expenses in the statement of comprehensive income.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

#### *(i) Simplified approach*

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

#### *(ii) General approach*

The Group applies the general approach to provide for ECLs on cash in banks, interest receivable, and due from a related party. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

### *Measurement of ECLs*

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD) (i.e., the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information as described above. As for the EAD, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

#### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### *Derecognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss.

#### *Financial assets at FVOCI*

In the case of equity investments classified as financial assets carried at FVOCI, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. When a decline in the fair value of a financial assets carried at FVOCI has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income is removed directly from equity with no option to recycle to profit or loss. Impairment losses recognized in profit or loss for an investment on equity instrument classified as financial assets at fair value through other comprehensive income are not reversed through profit or loss.

In the case of debt instruments classified as financial assets carried at FVOCI, movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the profit or loss.

### **22.3 Consolidation**

The consolidated financial statements comprise the consolidated financial statements of the Group as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024. For consolidation purposes, the subsidiaries' financial statements are prepared as at the same reporting year as that of the Parent Company. The Group uses uniform accounting policies. Details of principal subsidiaries are shown in Note 1.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

#### *(a) Subsidiaries*

Subsidiaries are all entities over which the Parent Company has control. The Parent Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. They are deconsolidated from the date that control ceases.

The Parent Company applies the acquisition method to account for business combinations for acquired entities that are not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Parent Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Parent Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Parent Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is deemed to be an equity instrument is not re-measured, and its subsequent settlement is not accounted for within equity.

Inter-Group transactions, balances and income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-Group transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Parent Company.

Business combinations under common control are accounted for using the predecessor cost method. Under this method, the Group does not restate the acquired businesses or assets and liabilities to their fair values. The net assets of the combining entities or businesses are combined using the carrying amounts of assets and liabilities of the acquired entity. No amount is recognized in consideration for goodwill or the excess of acquirer's interest in the net fair value of acquired identifiable assets, liabilities, and contingent liabilities over their cost at the time of the common control combination. The financial statements incorporated the net assets and results of operations of the combining entities or businesses as if they had always been combined or from the date when combining entities or business first became under common control, whichever period is shorter.

The difference between the consideration given and the aggregate book value of the assets and liabilities acquired as of the date of the transaction are included in "other equity charges" account within equity.

*(b) Disposal of subsidiaries*

When the Parent Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Parent Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

The Parent Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Dilution gains and losses arising in investments in associates are recognized in profit or loss. Unrealized gains on transactions between the Parent Company and its associates are eliminated to the extent of the Parent Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Parent Company.

*(c) Deposit for future stock subscription*

Deposit for future stock subscription represents fund paid by the Parent Company with the intention to apply the same as payment for additional issuance of common share to increase its interest in the investee company.

## **22.4 Financial liabilities**

*Classification and presentation*

The Group classifies its financial liabilities in the following categories: (i) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (ii) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Group did not hold financial liabilities at fair value through profit or loss during and at the end of each reporting period.

The Group's financial liabilities at amortized cost consist mainly of trade payables and other liabilities (excluding customer deposits and statutory payables) and lease liabilities.

*Initial recognition and subsequent measurement*

The Group's financial liabilities at amortized cost are initially measured at fair value plus transaction costs. Subsequently, these are measured at amortized cost using the effective interest method.

Interest expense on financial liabilities is recognized within finance cost, at gross amount, in the statements of total comprehensive income.

*Derecognition*

Financial liabilities are derecognized when extinguished, that is, when the obligation specified in a contract is discharged or cancelled or when the obligation expires.

## **22.5 Determination of fair value**

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 Group 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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active 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. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Group specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

Details of the Group's fair value measurement for the financial assets at FVOCI and investment properties are disclosed in Note 6 and Note 7, respectively.

## **22.6 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## **22.7 Cash and cash equivalents**

Short-term placements are presented as cash equivalents if they have a maturity of three months or less and are carried in the statement of financial position at face amount or at nominal amount, which approximates its amortized cost using the effective interest method.

## **22.8 Assets held for sale**

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

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

Non-current assets are not depreciated or amortized while they are classified as held for sale.

## **22.9 Investment properties**

Investment properties is defined as a property, mainly land, held for the purposes of earning rentals, for capital appreciation or both. This property is not held to be used in production or sale in the ordinary course of business. Investment property is initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up. Investment properties are subsequently carried at cost less accumulated depreciation and any accumulated impairment.

Land is not depreciated.

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

## 22.10 Property and equipment

Property and equipment is subsequently measured at cost. Depreciation is calculated using the straight-line method to allocate the cost of each asset, net of their residual values, over their estimated useful lives as follows:

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

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

## 22.11 Impairment of non-financial assets

Non-financial assets, mainly property and equipment and investment in a subsidiary, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 fair value less cost 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 (cash-generating units). Impairment losses, if any, are recognized in profit or loss. Non-financial assets that have been impaired are reviewed for possible reversal of impairment at each reporting period.

## 22.12 Revenue recognition

### *Dividend income*

Dividend income from a subsidiary is recognized when the right to receive dividend is established usually upon declaration by the BOD.

### *Interest income*

Interest income on bank deposits, which is presented net of final withholding tax, is recognized on a time proportion basis using the effective interest rate method.

### *Retainer income*

Retainer pertains to monthly retainer fees earned by PSTI being a stock transfer agent, and is recognized overtime.

### *Other income*

All other income is recognized when earned or when the right to receive payment is established.

## **22.13 Leases**

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

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

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

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

The Group as a lessee

At the commencement date, the Group recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

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

At the commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

## **22.14 Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among entities which are under control with the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

## **22.15 Income taxes**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

## **22.16 Foreign currency transactions and translation**

### *Functional and presentation currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the “functional currency”). These financial statements are prepared in Philippine Peso, which is the Parent Company’s functional and presentation currency.

### *Transactions and balances*

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

## **22.17 Subsequent events**

Post year-end events that provide additional information about the Group’s position at the financial 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.

## **23 Operating segment information**

The Group is organized into operating segments based on the type of product or service. The Group’s reportable operating segments relates to investing funds, management services and stock transfer agency.

The disaggregated revenue, as disclosed in Note 12, was assigned to the operating segments as follows:

| Revenue as disaggregated                  | Operating segment     |
|---|-----------------------|
| Interest income                           | Investing funds       |
| Dividend income                           | Investing funds       |
| Rent income                               | Investing funds       |
| Service fees                              | Management services   |
| Retainer fee                              | Stock transfer agency |
| Stock transfer fee                        | Stock transfer agency |
| Other service fee                         | Stock transfer agency |
| Gain on sale of financial assets at FVOCI | Investing funds       |
| Gain on sale of investment property       | Investing funds       |

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

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

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

|                          | Segment         |                     |                       | Total         |
|--------------------------|-----------------|---------------------|-----------------------|---------------|
|                          | Investing funds | Management services | Stock transfer agency |               |
| 2024                     |                 |                     |                       |               |
| Segment revenue          | 46,228,758      | -                   | 10,245,509            | 56,474,267    |
| Segment profit           | 59,151,340      | -                   | 6,614,369             | 65,765,709    |
| Depreciation             | 1,427,106       | -                   | 398,339               | 1,825,445     |
| Provision for income tax | 432,220         | (16,781)            | 922,421               | 1,337,860     |
| Total assets             | 1,486,952,633   | 24,334,802          | 6,387,177             | 1,517,674,612 |
| Total liabilities        | 30,773,274      | 217,282             | 725,160               | 31,715,716    |
| 2023                     |                 |                     |                       |               |
| Segment revenue          | 47,175,500      | -                   | 8,773,053             | 55,948,553    |
| Segment profit           | 48,537,820      | -                   | 5,227,039             | 53,764,859    |
| Depreciation             | 1,424,800       | -                   | 403,753               | 1,828,553     |
| Provision for income tax | (1,335,734)     | (26,586)            | 460,790               | (901,530)     |
| Total assets             | 1,481,824,071   | 31,078,116          | 6,836,935             | 1,519,739,122 |
| Total liabilities        | 60,095,073      | 78,682              | 1,110,438             | 61,284,193    |
| 2022                     |                 |                     |                       |               |
| Segment revenue          | 54,103,307      | -                   | 9,432,972             | 63,536,279    |
| Segment profit           | 30,010,571      | -                   | 5,129,492             | 35,140,063    |
| Depreciation             | 1,341,501       | -                   | 402,615               | 1,744,116     |
| Provision for income tax | 869,136         | 189,753             | 484,286               | 1,543,175     |
| Total assets             | 1,443,732,608   | 34,118,015          | 4,083,952             | 1,481,934,575 |
| Total liabilities        | 34,289,996      | 1,620               | 563,326               | 34,854,942    |

Capital expenditures for the year ended December 31, 2024 attributable to the investing funds segment amounted to P13,839 (2023 - P21,863; 2022 - P26,518)

**Philcomsat Holdings Corporation and Subsidiaries**

**Schedule A. Financial assets**  
December 31, 2024

| <u>Name of issuing entity and association of each issue</u>      | <u>Number of shares or principal amounts of bonds and notes</u> | <u>Amount shown in statement of financial position</u> | <u>Value based on market quotations at end or reporting period</u> | <u>Income received and accrued</u> |
|--|---|--|--|------------------------------------|
| <i>Notes and loans receivable</i>                                |   |  |  |                                    |
| <i>Promissory notes issued by various financial institutions</i> |   |  |  |                                    |
| Philippine Commercial Capital, Inc.                              | 39,944,922  | 39,944,922   | 39,944,922   |                                    |
| <i>Corporate notes</i>   |   |  |  |                                    |
| Montemar Beach Club Inc.   | 54,305,002  | 54,305,002   | 54,305,002   | 3,585,384                          |
| HMR Philippines, Inc.  | 14,349,551  | 14,349,551   | 14,349,551   | 305,653                            |
| Elite Defense Security Services, Inc.                            | 500,000   | 500,000  | 500,000  | 21,732                             |
|  | 107,984,931   | 107,984,931  | 107,984,931  | 3,912,769                          |
| <i>Financial assets at FVTPL</i>                                 |   |  |  |                                    |
| <i>Investments in UITFs</i>                                      |   |  |  |                                    |
| AB Capital Balanced Funds  |   | 9,760,747  | 9,760,747  |                                    |
| Sun Life Prosperity Balanced Fund                                | 11,771,306  | 41,136,006   | 41,136,006   |                                    |
| Sun Life Prosperity GS Fund                                      | 6,038,647   | 10,973,429   | 10,973,429   |                                    |
| Philam Strategic Growth Fund                                     | 66,408  | 30,705,067   | 30,705,067   |                                    |
| BDO Private Bank Managed Funds                                   |   | 11,187,621   | 11,187,621   |                                    |
| BDO - Trust & Investments Group Managed Funds                    | 17,261  | 2,345,054  | 2,345,054  |                                    |
| SB Asia Pacific EQ Feeder Fund Class F                           |   | 1,059,571  | 1,059,571  |                                    |
| <i>Investment in quoted shares</i>                               |   |  |  |                                    |
| Bank of the Philippine Islands                                   | 1,205   | 131,104  | 131,104  |                                    |
|  |   | 107,298,599  | 107,298,599  |                                    |

| Name of issuing entity and association of each issue | Number of shares or principal amounts of bonds and notes | Amount shown in statement of financial position | Value based on market quotations at end or reporting period | Income received and accrued |
|--|--|---|---|-----------------------------|
| <i>Financial assets at FVOCI</i>                     |  |   |   |                             |
| <i>Investments in quoted bonds</i>                   |  |   |   |                             |
| Aboitiz Equity Ventures, Inc.                        |  | 4,471,770                                       | 4,471,770   |                             |
| Aboitiz Power Corporation                            |  | 1,093,721                                       | 1,093,721   |                             |
| Ayala Corporation                                    |  | 6,752,468                                       | 6,752,468   |                             |
| Ayala Land, Inc.                                     |  | 42,746,187                                      | 42,746,187  |                             |
| Bank of Commerce                                     |  | 2,000,000                                       | 2,000,000   |                             |
| Bank of the Philippine Islands                       |  | 11,000,000                                      | 11,000,000  |                             |
| BDO - Trust & Investments Group Managed Bonds        |  | 168,887,631                                     | 168,887,631   |                             |
| BDO Private Bank Managed Bonds                       |  | 104,054,748                                     | 104,054,748   |                             |
| Development Bank of the Philippines                  |  | 2,000,000                                       | 2,000,000   |                             |
| Doubledragon Properties Corp.                        |  | 17,894,716                                      | 17,894,716  |                             |
| Energy Development Corporation                       |  | 3,200,000                                       | 3,200,000   |                             |
| EW Peso Intermediate Term Bond Fund                  | 7,259  | 16,506,335                                      | 16,506,335  |                             |
| Filinvest Development Corporation                    |  | 2,000,000                                       | 2,000,000   |                             |
| Fixed Rate Treasury Note                             |  | 4,158,037                                       | 4,158,037   |                             |
| Megawide Construction Corporation                    |  | 2,000,000                                       | 2,000,000   |                             |
| Metropolitan Bank & Trust Company                    |  | 12,543,091                                      | 12,543,091  |                             |
| PBCom Bonds  |  | 2,000,000                                       | 2,000,000   |                             |
| Philam Bond Fund                                     | 10,238,936   | 10,238,936                                      | 10,238,936  |                             |
| Retail Dollar Bonds                                  |  | 1,160,280                                       | 1,160,280   |                             |
| Retail Treasury Bonds                                |  | 35,295,499                                      | 35,295,499  |                             |
| Robinsons Land Corp.                                 |  | 2,000,000                                       | 2,000,000   |                             |
| San Miguel Corporation                               |  | 12,178,670                                      | 12,178,670  |                             |
| San Miguel Global                                    |  | 100,135   | 100,135   |                             |
| Security Bank Corporation                            |  | 2,500,000                                       | 2,500,000   |                             |
| SM Prime Holdings, Inc.                              |  | 22,535,587                                      | 22,535,587  |                             |
| Toyota Financial Services Philippines                |  | 20,000,000                                      | 20,000,000  |                             |
| UnionBank of the Philippines                         | 500  | 6,108,128                                       | 6,108,128   |                             |

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule A. Financial assets (continuation)  
December 31, 2024

| Name of issuing entity and association of each issue | Number of shares or principal amounts of bonds and notes | Amount shown in statement of financial position | Value based on market quotations at end or reporting period | Income received and accrued |
|--|--|---|---|-----------------------------|
| <i>Investments in quoted shares of stock</i>         |  |   |   |                             |
| A Brown Company                                      | 10,000   | 965,000   | 965,000   |                             |
| AB Capital Equity Funds                              |  | 12,283,576                                      | 12,283,576  |                             |
| AC Energy Corporation                                | 150,000  | 2,700,000                                       | 2,700,000   |                             |
| Areit, Inc.  | 185,300  | 7,032,135                                       | 7,032,135   |                             |
| Arthaland  |  | 2,010,000                                       | 2,010,000   |                             |
| Axelum Resources Corp.                               | 200,000  | 518,000   | 518,000   |                             |
| Ayala Corporation                                    |  | 1,530,000                                       | 1,530,000   |                             |
| Ayala Land, Inc.                                     | 100,000  | 2,620,000                                       | 2,620,000   |                             |
| Bank of Commerce                                     |  | 540,000   | 540,000   |                             |
| BDO - Trust & Investments Group Managed Bonds        |  | 40,486,624                                      | 40,486,624  |                             |
| BDO Private Bank Managed Bonds                       |  | 28,107,836                                      | 28,107,836  |                             |
| BDO Unibank, Inc.                                    | 16,869   | 2,914,848                                       | 2,914,848   |                             |
| Cebu Landmasters, Inc.                               | 150,000  | 886,425   | 886,425   |                             |
| Chelsea Logistics Holdings Corp.                     | 100,000  | 131,000   | 131,000   |                             |
| Cirtek Holdings Phils. Corp.                         | 150,000  | 4,873,176                                       | 4,873,176   |                             |
| Citicore Energy REIT Corporation                     |  | 5,978,000                                       | 5,978,000   |                             |
| Converge ICT Solutions, Inc.                         | 500,000  | 8,070,000                                       | 8,070,000   |                             |
| D.M. Wenceslao and Associates, Inc.                  | 1,500,000  | 8,280,000                                       | 8,280,000   |                             |
| DDMP Reit, Inc.                                      | 500,000  | 515,000   | 515,000   |                             |
| DMCI Holdings, Inc.                                  | 75,000   | 811,500   | 811,500   |                             |
| Doubledragon Properties Corp.                        | 31,000   | 3,013,200                                       | 3,013,200   |                             |
| EEI Corporation                                      | 50,000   | 4,928,000                                       | 4,928,000   |                             |
| Filinvest REIT Corp.                                 | 1,000,000  | 2,950,000                                       | 2,950,000   |                             |
| Intl. Cont. Terminal Serv. Inc.                      | 4,170  | 1,609,620                                       | 1,609,620   |                             |

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule A. Financial assets (continuation)  
December 31, 2024

| Name of issuing entity and association of each issue | Number of shares or<br>principal amounts of<br>bonds and notes | Amount shown in<br>statement of<br>financial position | Value based on market<br>quotations at end or<br>reporting period | Income received<br>and accrued |
|--|--|---|---|--------------------------------|
| JG Summit Holdings, Inc.                             | 5,250  | 107,888   | 107,888   |                                |
| Jollibee Foods Corp.                                 | 1,000  | 984,000   | 984,000   |                                |
| Megawide Construction Corporation                    | 1,005,000  | 1,454,500   | 1,454,500   |                                |
| MerryMart Consumer Corp.                             | 1,450,000  | 870,000   | 870,000   |                                |
| Monde Nissin Corporation                             | 1,688,000  | 860,000   | 860,000   |                                |
| MREIT, Inc.  | 186,000  | 2,481,240   | 2,481,240   |                                |
| Petron Corporation                                   | 1,000  | 4,138,000   | 4,138,000   |                                |
| Phoenix Petroleum Phils.                             | 2,000  | 355,800   | 355,800   |                                |
| Raslag Corporation                                   |  | 257,500   | 257,500   |                                |
| Robinsons Land Corp.                                 | 786,3643   | 4,647,362   | 4,647,362   |                                |
| San Miguel Corporation                               | 143,300  | 10,165,245  | 10,165,245  |                                |
| Shell  | 150,000  | 1,125,000   | 1,125,000   |                                |
| SM Prime Holdings, Inc.                              | 111,500  | 3,121,625   | 3,121,625   |                                |
| Synergy Grid & Dev't Phils., Inc.                    | 1,022,400  | 784,000   | 784,000   |                                |
| Torre Lorenzo Development Corp.                      |  | 65,000,000  | 65,000,000  |                                |
| Wilcon Depot, Inc.                                   | 605,000  | 8,651,500   | 8,651,500   |                                |

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule A. Financial assets (continuation)  
December 31, 2024

| Name of issuing entity and association of each issue | Number of shares or<br>principal amounts of<br>bonds and notes | Amount shown in<br>statement of<br>financial position | Value based on market<br>quotations at end or<br>reporting period | Income received<br>and accrued |
|--|--|---|---|--------------------------------|
| <i>Investments in unquoted shares of stock</i>       |  |   |   |                                |
| Asian Breast Cancer                                  | 300,000  | 30,000,000  | 30,000,000  |                                |
| <i>Investments in club memberships</i>               |  |   |   |                                |
| Montemar Beach Club Inc.                             | 10   | 8,000,000   | 8,000,000   |                                |
| Makati Sports Club, Inc.                             | 1  | 1,300,000   | 1,300,000   |                                |
|  |  | 803,483,539   | 803,483,539   | 27,568,990                     |

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule B. Amounts receivable from directors, officers, employees, related parties, and principal stockholders (other than related parties)  
December 31, 2024

| <b>Name and designation of debtor</b>             | <b>Balance at beginning of period</b> | <b>Additions</b> | <b>Amounts collected</b> | <b>Amounts written off</b> | <b>Current</b> | <b>Non-current</b> | <b>Balance at end of period</b> |
|---|---------------------------------------|------------------|--------------------------|----------------------------|----------------|--------------------|---------------------------------|
| <i>Included under receivables</i>                 |                                       |                  |                          |                            |                |                    |                                 |
| Montemar Beach Club Inc.                          | 60,826,416                            | -                | (5,175,227)              | -                          | 55,651,189     | -                  | 55,651,189                      |
| Philippine Communications Satellite Corporation   | 941,644                               | -                | (1,082,890)              | -                          | -              | -                  | (141,246)                       |
| <i>Presented under "Due from related parties"</i> |                                       |                  |                          |                            |                |                    |                                 |
| Montemar Beach Club Inc.                          | 6,526,316                             | -                | (1,526,316)              | -                          | 5,000,000      | -                  | 5,000,000                       |
| Philippine Communications Satellite Corporation   | 211,867                               |                  |                          |                            |                |                    |                                 |
| Montemar Resort Development Corp.                 | 200,000                               | -                | (200,000)                | -                          | -              | -                  | -                               |
|   | <b>69,697,524</b>                     |                  |                          |                            |                |                    |                                 |

"Notes receivables from" and "cash advances to" Montemar beach Club Inc. and Philippine Communications Satellite Corporation bear interest of 4% to 7% with terms of 180 days to one year. Cash advances to Montemar Resort Development Corp. are non-interest bearing.

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule C. Amounts receivable from related parties which are eliminated during the consolidation of financial statements  
December 31, 2024

| <b>Name and designation of debtor</b> | <b>Balance at<br/>beginning of<br/>period</b> | <b>Additions</b> | <b>Amounts<br/>collected</b> | <b>Amounts<br/>written off</b> | <b>Current</b> | <b>Non-current</b> | <b>Balance at<br/>end of period</b> |
|---------------------------------------|---|------------------|------------------------------|--------------------------------|----------------|--------------------|-------------------------------------|
|                                       |   | Not applicable   |                              |                                |                |                    |                                     |

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule D. Long term debt  
December 31, 2024

| Title of issue and type of obligation | Amount authorized by indenture | Amount shown under caption "current portion of long-term debt" in related statement of financial position | Amount shown in caption "long-term debt" in statement of financial position |
|---------------------------------------|--------------------------------|---|---|
| Not applicable                        | Not applicable                 | -   | -   |

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule E. Indebtedness to related parties (long-term loans from related companies)  
December 31, 2024

| Name of related party                           | Balance at beginning of period | Balance at end of period |
|---|--------------------------------|--------------------------|
| Philippine Communications Satellite Corporation | -                              | 28,344,614               |

**Philcomsat Holdings Corporation and Subsidiaries**

**Schedule F. Guarantees of securities and other issues**

December 31, 2024

| Name of issuing entity of securities guaranteed by the company for which this statement is filed | Title of issue of each class of securities guaranteed | Total amount guaranteed and outstanding | Amount owned by person for which statement is files | Nature of guarantee |
|--|---|---|---|---------------------|
|  |   | Not applicable                          |   |                     |

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule G. Capital stock  
December 31, 2024

| Title of issue | Number of shares authorized | Number of shares issued and outstanding at shown under related statement of financial position | Number of shares reserved for options, warrants, conversions, and other rights | Number of shares held by related parties | Directors, officers and employees | Others     |
|----------------|-----------------------------|--|--|--|-----------------------------------|------------|
| Common shares  | 1,000,000,000               | 996,391,254  | -  | 796,595,690                              | 100,106,143                       | 99,689,421 |

**Philcomsat Holdings Corporation and Subsidiaries**

12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Avenue, Makati City

Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration  
For the year ended December 31, 2024  
(All amounts in Philippine Peso)

|  |             |
|--|-------------|
| <b>Unappropriated Retained Earnings, beginning of the year/period</b>  | 489,295,084 |
| Add: Category A: Items that are directly credited to Unappropriated retained earnings  |             |
| Reversal of Retained earnings appropriation/s  | -           |
| Effect of restatements or prior-period adjustments   | -           |
| Others (describe nature)   | -           |
| Less: Category B: Items that are directly debited to Unappropriated retained earnings  |             |
| Dividend declaration during the reporting period   | -           |
| Retained earnings appropriated during the reporting period   | -           |
| Effect of restatements or prior-period adjustments   | -           |
| Others (describe nature)   | -           |
| Transfer of loss on disposal of FVOCI equity instruments   | 1,385,211   |
|  | 1,385,211   |
| Unappropriated Retained Earnings, as adjusted  | 490,680,295 |
| Add/Less: Net Income (loss) for the current year/period  | 24,752,578  |
| Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)   |             |
| Equity in net income of associate/joint venture, net of dividends declared   | -           |
| Unrealized foreign exchange gain, except those attributable to cash and cash equivalents   | -           |
| Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)                              | -           |
| Unrealized fair value gain of investment property  | -           |
| Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)          | -           |
| Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax) |             |
| Realized foreign exchange gain, except those attributable to Cash and cash equivalents   | -           |
| Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)                                | 14,592      |
| Realized fair value gain of Investment property  | -           |
| Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)            | 14,592      |

|  |                    |
|--|--------------------|
| Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)   |                    |
| Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents  |                    |
| Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)   | (28,920)           |
| Reversal of previously recorded fair value gain of investment property   |                    |
| Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)   | (28,920)           |
| Adjusted net income/loss   | 24,738,250         |
| Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)   |                    |
| Depreciation on revaluation increment (after tax)  | -                  |
| Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP   |                    |
| Amortization of the effect of reporting relief   | -                  |
| Total amount of reporting relief granted during the year   | -                  |
| Others (describe nature)   | -                  |
| Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution   |                    |
| Net movement of treasury shares (except for reacquisition of redeemable shares)  | -                  |
| Net movement of deferred tax asset not considered in the reconciling items under the previous categories   | -                  |
| Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable | -                  |
| Adjustment due to deviation from PFRS/GAAP - gain (loss)   | -                  |
| Others (describe nature)   | -                  |
| <b>Total Retained Earnings, end of the year/period available for dividend declaration</b>  | <b>515,418,545</b> |

**Philcomsat Holdings Corporation and Subsidiaries**

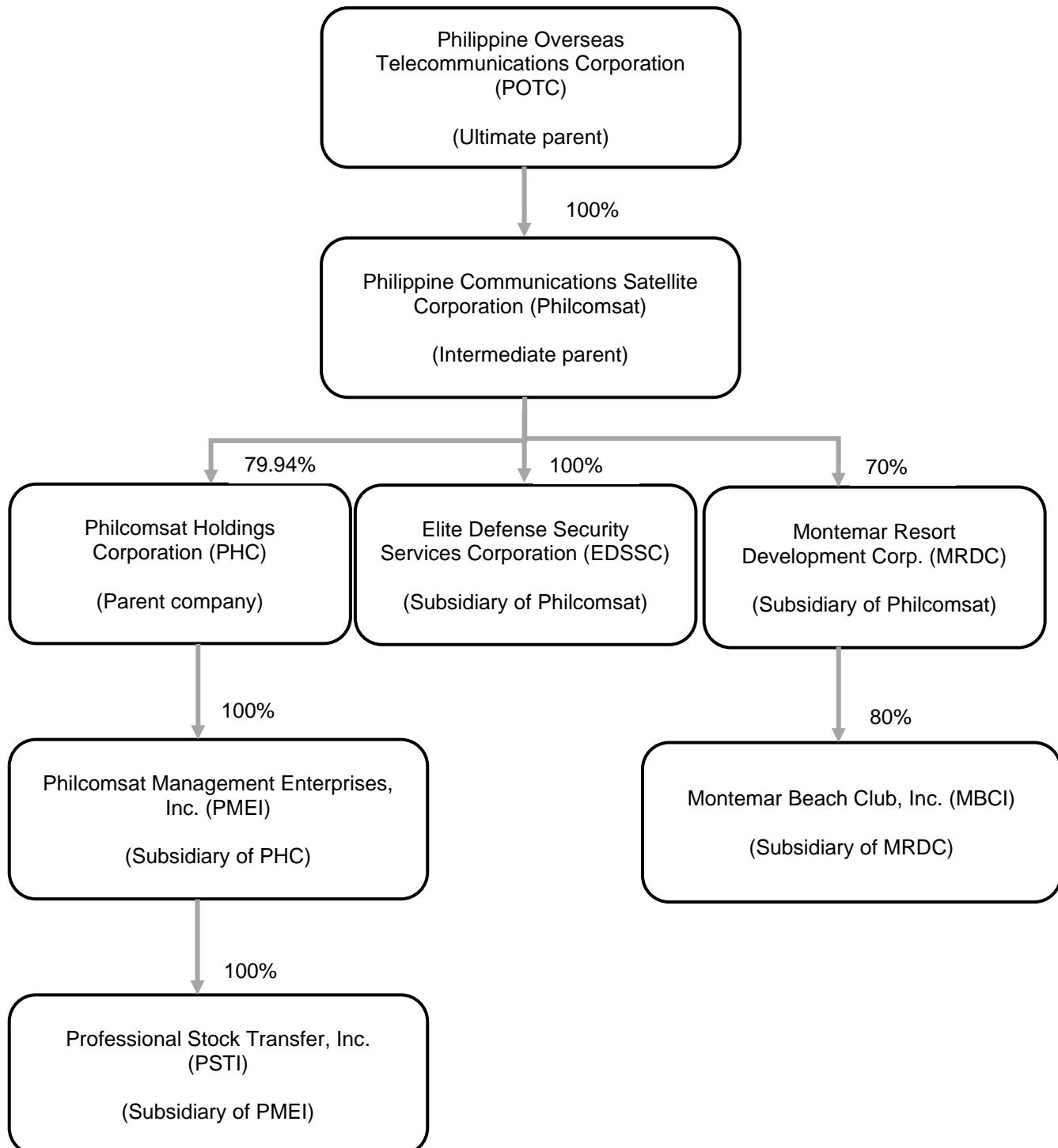
12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Avenue, Makati City

Schedule of Financial Soundness Indicators  
December 31, 2024

| Ratio                        | Formula  | 2024                                       | 2023                                       |
|------------------------------|--|--|--|
| Current ratio                | $\frac{\text{Current assets}}{\text{Current liabilities}}$   | 28.55:1<br>P358,378,366<br>P12,550,629     | 6.07:1<br>P255,512,180<br>P42,124,350      |
| Acid test ratio              | $\frac{\text{Current assets} - \text{inventory} - \text{prepayments}}{\text{Current liabilities}}$ | 27.80:1<br>P348,884,550<br>P12,550,629     | 5.84:1<br>P246,191,452<br>P42,124,350      |
| Solvency Ratio               | $\frac{\text{Net income before depreciation and amortization}}{\text{Total liabilities}}$          | 0.62:1<br>P19,631,630<br>P31,724,845       | 0.32:1<br>P19,719,582<br>P61,284,193       |
| Debt-to-equity ratio         | $\frac{\text{Total liabilities}}{\text{Total equity}}$   | 0.02:1<br>P31,724,845<br>P1,485,907,234    | 0.04:1<br>P61,284,193<br>P1,458,454,929    |
| Asset to equity ratio        | $\frac{\text{Total assets}}{\text{Total equity}}$  | 1.02:1<br>P1,517,632,079<br>P1,485,907,234 | 1.04:1<br>P1,519,739,122<br>P1,458,454,929 |
| Interest rate coverage ratio | $\frac{\text{Operating EBITDA}}{\text{Net interest}}$  | Not Applicable                             | Not applicable                             |
| Return on equity             | $\frac{\text{Net income}}{\text{Average total equity}}$  | 1%<br>P17,806,183<br>P1,472,181,082        | 1%<br>P17,891,031<br>P1,452,767,281        |
| Return on asset              | $\frac{\text{Net income}}{\text{Average total assets}}$  | 1%<br>P17,806,183<br>P1,518,685,601        | 1%<br>P17,891,031<br>P1,500,836,849        |
| Net profit margin            | $\frac{\text{Net income}}{\text{Total revenue}}$   | 32%<br>P17,806,183<br>P56,474,267          | 32%<br>P17,891,031<br>P55,948,553          |

## Philcomsat Holdings Corporation and Subsidiaries

Map showing the relationships between and among the companies in the group,  
its ultimate parent company and co-subsidiaries  
December 31, 2024



**Philcomsat Holdings Corporation and Subsidiaries**

Supplementary Schedule of External Auditor Fee-Related Information  
December 31, 2024

|                             | 2024           | 2023           |
|-----------------------------|----------------|----------------|
| <b>Total Audit Fees</b>     | <b>505,000</b> | <b>505,000</b> |
| Non-audit services fees:    |                |                |
| Other assurance services    | -              | -              |
| Tax services                | -              | -              |
| All other services          | -              | -              |
| <b>Total Non-audit Fees</b> | <b>-</b>       | <b>-</b>       |

# SUSTAINABILITY REPORT

## Contextual Information

| Company Details  |   |
|--|---|
| Name of Organization   | PHILCOMSAT HOLDINGS CORPORATION   |
| Location of Headquarters   | Makati City   |
| Location of Operations   | Makati City   |
| Report Boundary: Legal entities (e.g. subsidiaries) included in this report* | Philcomsat Management Enterprises Inc., Professional Stock Transfer, Inc.   |
| Business Model, including Primary Activities, Brands, Products, and Services | Philcomsat Holdings Corporation (Money Market and Resort Management); Philcomsat Management Enterprises, Inc. (Management Consultancy); Professional Stock Transfer, Inc. (Stock Transfer Services) |
| Reporting Period   | 2024  |
| Highest Ranking Person responsible for this report                           | Erlinda I. Bildner, Chairman, Philcomsat Management Enterprises, Inc., and CFO, Philcomsat Holdings Corporation.  |

## Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.<sup>1</sup>

The organization evaluated all topics to determine if they are still significant or have become less important over time, based on the organization's economic, environmental, and social impacts, and how much these topics influence stakeholders' assessments and decisions. Topics that were found to be less important were still kept as they are considered essential to the development of the organization's sustainability management system. The materiality of all topics is periodically reassessed to determine their significance and the degree of that significance.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

| Disclosure   | Amount     | Units |
|--|------------|-------|
| Direct economic value generated (revenue)                                  | 56,474,267 | PhP   |
| Direct economic value distributed:   |            |       |
| a. Operating costs   | 37,189,879 | PhP   |
| b. Employee wages and benefits   | 1,556,697  | PhP   |
| c. Payments to suppliers, other operating costs                            | 3,538,788  | PhP   |
| d. Dividends given to stockholders and interest payments to loan providers | 77.656     | PhP   |
| e. Taxes given to government   | 2,713,468  | PhP   |
| f. Investments to community (e.g. donations, CSR)                          | 0          | PhP   |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
|   |                                  |                     |

<sup>1</sup> See [GRI 102-16](#) (2016) for more guidance.

|   |   |   |
|---|---|---|
| <i>Due to its reliance on consultants and part-time workers rather than full-time employees, the Corporation spends only a small portion of the revenue generated, specifically 5%, on employee wages and benefits.</i>   | <i>Employees</i>                        | <i>Every year, management evaluates whether it is necessary to hire full-time employees for the Corporation's operations. At present, they have concluded that there is no such requirement. However, when the business grows to a particular level, it is anticipated that full-time employees will be brought on board.</i> |
| <b>What are the Risk/s Identified?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>  |
| <i>Management has recognized that the lack of a succession plan is a risk related to this matter because the Corporation relies on consultants and part-time workers instead of full-time employees. While these workers can effectively perform their duties, they may not be motivated to stay with the Corporation due to the absence of job security. In the absence of tenured employees who are familiar with the work done by these consultants and part-time workers, it could be challenging to have incoming workers take over such tasks in the event of incapacity.</i> | <i>Employees</i>                        | <i>Once the business reaches a certain level, it is expected that full-time employees will be engaged.</i>  |
| <b>What are the Opportunity/ies Identified?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>  |
| <i>Management has recognized that the automation of certain business processes is a potential opportunity related to this matter.</i>   | <i>Employees</i>                        | <i>Management is exploring the possibility of automating certain tasks, such as stock transfer services, where clients can access necessary reports securely through a digital platform. By automating this process, the Corporation can reduce the need for manual labor and working hours.</i>                              |

#### Climate-related risks and opportunities<sup>2</sup>

|  |  |   |   |
|--|--|---|---|
| <i>Ms. Erlinda I. Bildner, the CFO, is responsible for managing the day-to-day operations of the Corporation and PMEI. On the other hand, Mr. Crescencio P. Montemayor is accountable for the day-to-day management of</i> | <i>When flooding occurs in the Metro Manila area during the monsoon season, employees who are not affected are incentivized to come to work with hazard pay. Meanwhile, those who may be affected have the option to either work</i> | <i>The Corporation mainly relies on weather reports by the national weather agency.</i> | <i>The Corporation classifies employees' work as either crucial or non-crucial, depending on the urgency of the task. The Corporation prioritizes crucial work over non-crucial work in the event of a sudden work stoppage, with the level</i> |
|--|--|---|---|

<sup>2</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

|  |  |  |   |
|--|--|--|---|
| <b>PSTI. The Board is updated on the day-to-day operations of the Corporation at its subsequent meeting.</b> | <i>from home or be transported by the Corporation's vehicles. These employees are expected to submit accomplishment reports.</i> |  | <i>of priority determined by each employee's accomplishment report. The Corporation always strives to provide essential work for its clients.</i> |
|--|--|--|---|

## **Procurement Practices**

### Proportion of spending on local suppliers

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| Percentage of procurement budget used for significant locations of operations that is spent on local suppliers | 100             | %            |

| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
|---|---|--|
| <i>The Corporation procures materials as needed, and therefore relies heavily on locally-based suppliers. The selection of suppliers is primarily based on their availability, delivery speed, and cost.</i>  | Suppliers                               | <i>Management mandates the procurement officer to order materials that are regularly utilized in advance, allowing ample time to procure such materials at a reduced cost. Management evaluates which materials are frequently required.</i> |
| <b>What are the Risk/s Identified?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
| <i>Obtaining materials as needed may not be the most cost-effective approach to procurement. Additionally, relying on material availability often leads to working with various suppliers, which can have negative impacts on the stability and duration of supplier relationships.</i> | Suppliers                               | <i>Management mandates the procurement officer to order materials that are regularly utilized in advance, allowing ample time to procure such materials at a reduced cost. Management evaluates which materials are frequently required.</i> |
| <b>What are the Opportunity/ies Identified?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
| <i>The opportunity identified from this topic is that there is no surplus of materials.</i>   | Suppliers                               | <i>Management mandates the procurement officer to order materials that are regularly utilized in advance, allowing ample time to procure such materials at a reduced cost. Management evaluates which materials are frequently required.</i> |

## **Anti-corruption**

### Training on Anti-corruption Policies and Procedures

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to         | 100             | %            |
| Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to | 0               | %            |
| Percentage of directors and management that have received anti-corruption training   | 100             | %            |
| Percentage of employees that have received anti-corruption training  | 100             | %            |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Which stakeholders are affected?  | Management Approach   |
|--|-----------------------------------|---|
| <i>The Corporation's anti-corruption policy is part of the Philcomsat Group of Companies' Code of Conduct and is disseminated to all employees of the Corporation and its subsidiaries. In the Corporation's money market and financial instruments operations, various brokers and agents approach them, offering different financial instruments with different terms and rates. These brokers and agents may attempt to influence Management's decision on whether to invest in a particular financial instrument by offering valuable gifts, but fortunately, no such attempts have been made.</i> | <i>Stockholders and Suppliers</i> | <i>All investments are determined by a committee and then approved by the Board, which eliminates the possibility of any broker or agent exerting influence on any member of Management. Additionally, the Board has a strict policy that requires its members to disclose any association they may have with an investment recommended to it. If any Board member has such an association, they are required to abstain from any discussions or decisions related to such an investment.</i> |
| What are the Risk/s Identified?  | Which stakeholders are affected?  | Management Approach   |
| <i>One potential risk associated with this topic is that the Corporation may not be able to achieve maximum returns on its investments. This is due to the possibility that, instead of taking advantage of investment opportunities that offer higher returns, the Corporation may opt to invest in preferred financial instruments that offer lower returns, influenced by the brokers or agents representing those instruments.</i>   | <i>Stockholders and Suppliers</i> | <i>The Corporation has implemented a multi-layered approval process to reduce or eliminate any potential influence that brokers or agents may have on its investment decisions. Furthermore, the Board strictly enforces a policy that requires members to disclose any association with recommended investments, and if so, to abstain from any discussions or decisions concerning them.</i>  |
| What are the Opportunity/ies Identified?   | Which stakeholders are affected?  | Management Approach   |
| <i>The Corporation's ability to spread its investments across multiple institutions through money market placements and financial instruments helps to mitigate the risk of loss.</i>  | <i>Stockholders and Suppliers</i> | <i>By strictly enforcing the policies mentioned earlier and ensuring compliance with the different levels of approval required prior to placing any investment, Management is able to maintain diversification in the Corporation's portfolio and avoid the possibility of financial loss due to ill-advised investments.</i>   |

#### Incidents of Corruption

| Disclosure  | Quantity | Units |
|---|----------|-------|
| Number of incidents in which directors were removed or disciplined for corruption | 0        | #     |

|  |   |   |
|--|---|---|
| Number of incidents in which employees were dismissed or disciplined for corruption                      | 0 | # |
| Number of incidents when contracts with business partners were terminated due to incidents of corruption | 0 | # |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Which stakeholders are affected?                   | Management Approach   |
|--|--|---|
| <i>There has been no incident of corruption involving directors, employees, or business partners as everyone in the Corporation is fully aware of the policy against corruption.</i>   | <i>Directors, Employees and Business Partners.</i> | <i>Management emphasizes the importance of strict compliance with the aforementioned policies and the need to observe the different levels of approval before making any investment decisions. By doing so, the Corporation is able to diversify its portfolio and mitigate the risk of financial losses that may arise from poorly placed investments.</i> |
| What are the Risk/s Identified?  | Which stakeholders are affected?                   | Management Approach   |
| <i>One risk related to corruption in this area is that the Corporation might miss out on opportunities to invest in high-yielding financial instruments and instead choose to invest in preferred instruments due to the influence of brokers or agents, resulting in suboptimal returns on investments.</i> | <i>Directors, Employees and Business Partners.</i> | <i>Management emphasizes the importance of strict compliance with the aforementioned policies and the need to observe the different levels of approval before making any investment decisions. By doing so, the Corporation is able to diversify its portfolio and mitigate the risk of financial losses that may arise from poorly placed investments.</i> |
| What are the Opportunity/ies Identified?   | Which stakeholders are affected?                   | Management Approach   |
| <i>The Corporation's ability to spread its investments across multiple institutions through money market placements and financial instruments helps to mitigate the risk of loss.</i>  | <i>Directors, Employees and Business Partners.</i> | <i>Management emphasizes the importance of strict compliance with the aforementioned policies and the need to observe the different levels of approval before making any investment decisions. By doing so, the Corporation is able to diversify its portfolio and mitigate the risk of financial losses that may arise from poorly placed investments.</i> |

## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization:

| Disclosure                             | Quantity | Units |
|--|----------|-------|
| Energy consumption (renewable sources) | 0        | GJ    |
| Energy consumption (gasoline)          | ≈45,000  | l     |
| Energy consumption (LPG)               | 0        | GJ    |
| Energy consumption (diesel)            | 0        | GJ    |
| Energy consumption (electricity)       | ≈28,800  | kWh   |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Which stakeholders are affected?                                       | Management Approach   |
|--|--|---|
| <p><i>The Corporation and its subsidiaries primarily consume electricity and gasoline as sources of energy. The centralized air-conditioning system in the building where they operate is responsible for over half of the electricity consumption. The building administrator allocates the total electricity bill to each occupant based on their occupied area. On the other hand, the gasoline consumption and expense mostly come from attending meetings with potential clients and suppliers as the corporation and its subsidiaries are engaged in the sale of services.</i></p> | <p><i>Community, Directors, Employees, Clients, and Suppliers.</i></p> | <p><i>To minimize electricity consumption, Management implements measures such as discouraging overtime work and reducing the number of lights used during specific hours. Since the centralized air conditioning system in the building cannot be changed, Management has to work with this limitation. To reduce gasoline consumption and expenses, the Corporation conducts meetings via teleconferencing or arranges them in the office instead of travelling to meet with clients and suppliers.</i></p> |
| What are the Risk/s Identified?  | Which stakeholders are affected?                                       | Management Approach   |
| <p><i>Insofar as electricity is concerned, the Corporation and its subsidiaries are unable to install their own air conditioning system which could have provided a solution to lowering electricity consumption. Insofar as gasoline is concerned, lessening the number of leads may result in lost opportunities.</i></p>  | <p><i>Community, Directors, Employees, Clients, and Suppliers.</i></p> | <p><i>To minimize electricity consumption, Management implements measures such as discouraging overtime work and reducing the number of lights used during specific hours. Since the centralized air conditioning system in the building cannot be changed, Management has to work with this limitation. To reduce gasoline consumption and expenses, the Corporation conducts meetings via teleconferencing or arranges them in the office instead of travelling to meet with clients and suppliers.</i></p> |
| What are the Opportunity/ies Identified?   | Which stakeholders are affected?                                       | Management Approach   |
| <p><i>The opportunity presented by this impact is that the Corporation and its subsidiaries may try to utilize other means of communicating with potential clients and suppliers, rather than face-to-face meetings. More meetings have been conducted using various teleconferencing applications such as zoom.</i></p>   | <p><i>Community, Directors, Employees, Clients, and Suppliers.</i></p> | <p><i>To minimize electricity consumption, Management implements measures such as discouraging overtime work and reducing the number of lights used during specific hours. Since the centralized air conditioning system in the building cannot be changed, Management has to work with this limitation. To reduce gasoline consumption and expenses, the Corporation conducts meetings via teleconferencing or arranges them in the office instead of travelling to meet with clients and suppliers.</i></p> |

### Water consumption within the organization

| Disclosure                | Quantity | Units        |
|---------------------------|----------|--------------|
| Water withdrawal          | 0        | Cubic meters |
| Water consumption         | 100      | Cubic meters |
| Water recycled and reused | 0        | Cubic meters |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach   |
|---|----------------------------------|---|
| <i>The primary reason for water consumption is toilet usage.</i>                                  | Employees                        | <i>Management has installed equipment to lessen the number of flushes in the toilets in an effort to reduce water consumption. Regular inspection and maintenance of water pipes are also conducted to ensure that there are no leaks that may contribute to unnecessary water consumption/wastage.</i> |
| What are the Risk/s Identified?   | Which stakeholders are affected? | Management Approach   |
| <i>Management has not identified any risk/s associated with this topic.</i>                       | None                             | None  |
| What are the Opportunity/ies Identified?  | Which stakeholders are affected? | Management Approach   |
| <i>Management has not identified any opportunity/ies associated with this topic.</i>              | None                             | None  |

### Materials used by the organization

| Disclosure  | Quantity                         | Units               |
|---|----------------------------------|---------------------|
| Materials used by weight or volume  |                                  |                     |
| ● renewable   | 0                                | kg/liters           |
| ● non-renewable   | 0                                | kg/liters           |
| Percentage of recycled input materials used to manufacture the organization's primary products and services | 0                                | %                   |
| What is the impact and where does it occur? What is the organization's involvement in the impact?           | Which stakeholders are affected? | Management Approach |
| <i>Management has not identified any impact associated with this topic.</i>                                 | None                             | None                |
| What are the Risk/s Identified?   | Which stakeholders are affected? | Management Approach |
| <i>Management has not identified any risk/s associated with this topic.</i>                                 | None                             | None                |
| What are the Opportunity/ies Identified?  | Which stakeholders are affected? | Management Approach |

|  |      |      |
|--|------|------|
| <i>Management has not identified any opportunity/ies associated with this topic.</i> | None | None |
|--|------|------|

#### **Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)**

| Disclosure  | Quantity | Units |
|---|----------|-------|
| Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | None     |       |
| Habitats protected or restored  | None     | ha    |
| IUCN <sup>3</sup> Red List species and national conservation list species with habitats in areas affected by operations                   | None     |       |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Which stakeholders are affected? | Management Approach   |
|--|----------------------------------|---|
| <i>The Corporation and its subsidiaries only operate from Makati City which is not a protected area or an area with high biodiversity value.</i> | None                             | <i>Currently, the Corporation and its subsidiaries are not operating in a protected area or an area with high biodiversity value, thus, there are no existing policies related to this topic. However, if the Corporation decides to move its operations to a protected area or acquires a subsidiary that operates in such an area, management is committed to establishing and implementing policies and programs to protect the environment.</i> |
| What are the Risk/s Identified?  | Which stakeholders are affected? | Management Approach   |
| <i>Management has not identified any risk/s associated with this topic.</i>  | None                             | <i>Currently, the Corporation and its subsidiaries are not operating in a protected area or an area with high biodiversity value, thus, there are no existing policies related to this topic. However, if the Corporation decides to move its operations to a protected area or acquires a subsidiary that operates in such an area, management is committed to establishing and implementing policies and programs to protect the environment.</i> |

| What are the Opportunity/ies Identified?   | Which stakeholders are affected? | Management Approach  |
|--|----------------------------------|--|
| <i>Management has not identified any opportunity/ies associated with this topic.</i> | None                             | <i>Currently, the Corporation and its subsidiaries are not operating in a protected area or an area with high biodiversity value, thus, there are no existing policies related to this topic. However, if the Corporation decides to move its operations to a protected area or acquires a subsidiary that operates in such an area, management is committed to establishing</i> |

<sup>3</sup> International Union for Conservation of Nature

|  |  |   |
|--|--|---|
|  |  | <i>and implementing policies and programs to protect the environment.</i> |
|--|--|---|

## Environmental impact management

### Air Emissions

#### GHG

| Disclosure                                    | Quantity | Units                    |
|---|----------|--------------------------|
| Direct (Scope 1) GHG Emissions                | 0        | Tonnes CO <sub>2</sub> e |
| Energy indirect (Scope 2) GHG Emissions       | 0        | Tonnes CO <sub>2</sub> e |
| Emissions of ozone-depleting substances (ODS) | 0        | Tonnes                   |

| What is the impact and where does it occur? What is the organization's involvement in the impact?                     | Which stakeholders are affected? | Management Approach   |
|---|----------------------------------|---|
| <i>The operations of the Corporation and its subsidiaries do not involve any emission of substances into the air.</i> | None                             | <i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i> |
| What are the Risk/s Identified?   | Which stakeholders are affected? | Management Approach   |
| <i>Management has not identified any risk/s associated with this topic.</i>   | None                             | <i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i> |
| What are the Opportunity/ies Identified?  | Which stakeholders are affected? | Management Approach   |
| <i>Management has not identified any opportunity/ies associated with this topic.</i>                                  | None                             | <i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i> |

#### Air pollutants

| Disclosure                           | Quantity | Units |
|--------------------------------------|----------|-------|
| NO <sub>x</sub>                      | 0        | kg    |
| SO <sub>x</sub>                      | 0        | kg    |
| Persistent organic pollutants (POPs) | 0        | kg    |
| Volatile organic compounds (VOCs)    | 0        | kg    |
| Hazardous air pollutants (HAPs)      | 0        | kg    |
| Particulate matter (PM)              | 0        | kg    |

| What is the impact and where does it occur? What is the organization's involvement in the impact?                         | Which stakeholders are affected? | Management Approach   |
|---|----------------------------------|---|
| <i>The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air.</i> | None                             | <i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i> |

| What are the Risk/s Identified?   | Which stakeholders are affected? | Management Approach   |
|---|----------------------------------|---|
| <i>The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air, thus Management has not identified any risk associated with this topic.</i> | Nine                             | <i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i> |
| What are the Opportunity/ies Identified?  | Which stakeholders are affected? | Management Approach   |
| <i>The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air, thus Management has not identified any risk associated with this topic.</i> |                                  | <i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i> |

### Solid and Hazardous Wastes

#### Solid Waste

| Disclosure                  | Quantity | Units |
|-----------------------------|----------|-------|
| Total solid waste generated |          | kg    |
| Reusable                    | 0        | kg    |
| Recyclable                  | 100      | kg    |
| Composted                   | 0        | kg    |
| Incinerated                 | 0        | kg    |
| Residuals/Landfilled        | 0        | kg    |

| What is the impact and where does it occur? What is the organization's involvement in the impact?         | Which stakeholders are affected? | Management Approach  |
|---|----------------------------------|--|
| <i>Paper is the only solid waste generated by the operations of the Corporation and its subsidiaries.</i> | Community                        | <i>To minimize paper waste, Management mandates the use of double-sided printing for all documents except for final reports. Paper waste is segregated from other types of waste to enable more efficient recycling.</i> |
| What are the Risk/s Identified?   | Which stakeholders are affected? | Management Approach  |
| <i>Management has not identified any risk/s associated with this topic.</i>                               | Community                        | <i>If the Corporation or any of its subsidiaries engage in activities that generate solid and hazardous waste, Management will create policies and programs to ensure the proper disposal of such waste.</i>             |
| What are the Opportunity/ies Identified?  | Which stakeholders are affected? | Management Approach  |

|  |                  |  |
|--|------------------|--|
| <i>Management has not identified any opportunity/ies associated with this topic.</i> | <i>Community</i> | <i>If the Corporation or any of its subsidiaries engage in activities that generate solid and hazardous waste, Management will create policies and programs to ensure the proper disposal of such waste.</i> |
|--|------------------|--|

#### Hazardous Waste

| <b>Disclosure</b>                           | <b>Quantity</b> | <b>Units</b> |
|---|-----------------|--------------|
| Total weight of hazardous waste generated   | 0               | kg           |
| Total weight of hazardous waste transported | 0               | kg           |

| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
|---|---|--|
| <i>The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste.</i>   | <i>None</i>                             | <i>If the Corporation or any of its subsidiaries participate in activities that generate hazardous waste or obtain a subsidiary that offers products or services that may pose a risk to health and safety, Management will establish policies and programs for the appropriate disposal of hazardous waste.</i> |
| <b>What are the Risk/s Identified?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
| <i>The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste; thus, Management has not identified any risk/s associated with this topic.</i>          | <i>None</i>                             | <i>If the Corporation or any of its subsidiaries participate in activities that generate hazardous waste or obtain a subsidiary that offers products or services that may pose a risk to health and safety, Management will establish policies and programs for the appropriate disposal of hazardous waste.</i> |
| <b>What are the Opportunity/ies Identified?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
| <i>The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste; thus, Management has not identified any opportunity/ies associated with this topic.</i> | <i>None</i>                             | <i>If the Corporation or any of its subsidiaries participate in activities that generate hazardous waste or obtain a subsidiary that offers products or services that may pose a risk to health and safety, Management will establish policies and programs for the appropriate disposal of hazardous waste.</i> |

#### Effluents

| <b>Disclosure</b>                | <b>Quantity</b> | <b>Units</b> |
|----------------------------------|-----------------|--------------|
| Total volume of water discharges | 60              | Cubic meters |
| Percent of wastewater recycled   | 0               | %            |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Which stakeholders are affected? | Management Approach  |
|--|----------------------------------|--|
| <i>Recycling wastewater in the building where the Corporation and its subsidiaries are located would necessitate the cooperation of all building occupants to buy and install the necessary equipment, as the building is shared with other organizations.</i> | <i>Other building occupants.</i> | <i>Management urges its staff to recycle water, even if it's just a small amount, by using the surplus to water plants. This is because the other occupants of the building, who share it with the Corporation and its subsidiaries, have not yet cooperated to purchase and install equipment that enables the recycling of wastewater.</i> |
| What are the Risk/s Identified?  | Which stakeholders are affected? | Management Approach  |
| <i>The sole risk is the cost of equipment for recycling wastewater.</i>  | <i>Other building occupants.</i> | <i>Management urges its staff to recycle water, even if it's just a small amount, by using the surplus to water plants. This is because the other occupants of the building, who share it with the Corporation and its subsidiaries, have not yet cooperated to purchase and install equipment that enables the recycling of wastewater.</i> |
| What are the Opportunity/ies Identified?   | Which stakeholders are affected? | Management Approach  |
| <i>The only probable usage for recycled wastewater at the moment is the watering of plants within the building.</i>  | <i>Other building occupants.</i> | <i>Management urges its staff to recycle water, even if it's just a small amount, by using the surplus to water plants. This is because the other occupants of the building, who share it with the Corporation and its subsidiaries, have not yet cooperated to purchase and install equipment that enables the recycling of wastewater.</i> |

## Environmental compliance

### Non-compliance with Environmental Laws and Regulations

| Disclosure   | Quantity | Units |
|--|----------|-------|
| Total amount of monetary fines for non-compliance with environmental laws and/or regulations | 0        | PhP   |
| No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations  | 0        | 0     |
| No. of cases resolved through dispute resolution mechanism                                   | 0        | 0     |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Which stakeholders are affected? | Management Approach   |
|--|----------------------------------|---|
| <i>The Corporation and its subsidiaries are not engaged in any activities or offer services that may affect the environment, thus, there has been no</i> | <i>Community</i>                 | <i>In line with its Management of the Montemar Beach Club, the Corporation ensures that the Club is fully compliant with all environmental laws and regulations and closely coordinates</i> |

|   |   |   |
|---|---|---|
| <i>environmental law and/or regulation that could be violated.</i>  |   | <i>with the regional office of the Department of Environment and Natural Resources and the local government units. No such law or regulation has been or could be violated.</i> |
| <b>What are the Risk/s Identified?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>  |
| <i>Management has identified waste water and solid waste as the only risks to the environment that affects the Montemar Beach Club.</i> | Community                               | <i>Management ensures the proper disposal of solid waste and is considering the construction of a wastewater treatment plant and</i>  |

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee data

| <b>Disclosure</b>                                  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| Total number of employees <sup>4</sup>             | 17              |              |
| a. Number of female employees                      | 8               | #            |
| b. Number of male employees                        | 9               | #            |
| Attrition rate <sup>5</sup>                        | 0               | rate         |
| Ratio of lowest paid employee against minimum wage | 1.3:1           | ratio        |

##### Employee benefits

| <b>List of Benefits</b>                  | <b>Y/N</b> | <b>% of female employees who availed for the year</b> | <b>% of male employees who availed for the year</b> |
|--|------------|---|---|
| SSS                                      | Y          | 60  | 100   |
| PhilHealth                               | Y          | 60  | 100   |
| Pag-ibig                                 | Y          | 60  | 100   |
| Parental leaves                          | Y          | 0   | 0   |
| Vacation leaves                          | Y          | 60  | 100   |
| Sick leaves                              | Y          | 60  | 100   |
| Medical benefits (aside from PhilHealth) | Y          | 80  | 100   |
| Housing assistance (aside from Pag-ibig) | N          | 0   | 0   |
| Retirement fund (aside from SSS)         | N          | 0   | 0   |
| Further education support                | N          | 0   | 0   |

<sup>4</sup> The Corporation does not employ regular employees thus this section includes consultants who do work for the Corporation.

<sup>5</sup> Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

|                        |   |   |   |
|------------------------|---|---|---|
| Company stock options  | N | 0 | 0 |
| Telecommuting          | N | 0 | 0 |
| Flexible-working Hours | N | 0 | 0 |
| (Others)               | N | 0 | 0 |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Management Approach  |
|--|--|
| <i>Unfortunately, additional benefits to employees are intricately tied with the number of clients that the Corporation and its subsidiaries can engage. However, with tight competition, it proves challenging to get more clients.</i> | <i>Currently, only the onboarding of new clients is incentivized through commissions and referral fees given to the employees. In the event that the revenue stream of the Corporation and its subsidiaries improve, additional benefits may be granted to the employees in addition to those mandated by law.</i> |
| What are the Risk/s Identified?  | Management Approach  |
| <i>High cost of attrition poses a risk due to lack of additional benefits.</i>   | <i>Only the onboarding of new clients is incentivized through commissions and referral fees.</i>   |
| What are the Opportunity/ies Identified?   | Management Approach  |
| <i>Management has not identified any opportunity/s associated with this topic.</i>   | <i>None</i>  |

#### Employee Training and Development

| Disclosure                                   | Quantity | Units          |
|--|----------|----------------|
| Total training hours provided to employees   |          |                |
| a. Female employees                          | 4        | hours          |
| b. Male employees                            | 4        | hours          |
| Average training hours provided to employees |          |                |
| a. Female employees                          | 4        | hours/employee |
| b. Male employees                            | 4        | hours/employee |

| What is the impact and where does it occur? What is the organization's involvement in the impact?   | Management Approach   |
|---|---|
| <i>Since there have been no law or regulation issued by the relevant agencies that would affect the operations of the Corporation or its subsidiaries, no seminars or training was provided to the employees.</i>                               | <i>Directors, officers, and employees are expected and required to apprise themselves of all laws, rules, and regulations affecting their work. Management sponsors seminars or training for its directors, officers, and employees if it deems that such will enhance their ability to perform their duties.</i> |
| What are the Risk/s Identified?   | Management Approach   |
| <i>Each individual engaged by the Corporation performs a unique function in the organization, thus, such individuals may not be able to afford to be absent from work to attend such seminars or training. Another risk is that an employee</i> | <i>Management expects that the directors, officers, and employees who attend seminars or training ensure that the schedule thereof will not hamper the performance of their duties. Management tries to be understanding of such a schedule for so long as the</i>  |

|   |   |
|---|---|
| <i>cannot engage in self-improvement as seminars or training should only be limited to their actual work.</i> | <i>tasks for the day are not crucial to the Corporation's operations.</i> |
| <b>What are the Opportunity/ies Identified?</b>   | <b>Management Approach</b>  |
| <i>Management has not identified any opportunity/s associated with this topic.</i>                            | <i>None</i>   |

#### Labor-Management Relations

| Disclosure  | Quantity | Units |
|---|----------|-------|
| % of employees covered with Collective Bargaining Agreements                          | 0        | %     |
| Number of consultations conducted with employees concerning employee-related policies | 0        | #     |

|   |   |
|---|---|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>                                    | <b>Management Approach</b>  |
| <i>Management sets and implements policies that impact employees without prior consultation.</i>  | <i>Universal policies established by Management and the HR manager are disseminated to all affected employees. Immediate compliance is expected and employees' concerns or grievances regarding said policies must be raised with the HR manager.</i> |
| <b>What are the Risk/s Identified?</b>  | <b>Management Approach</b>  |
| <i>Individual needs and concerns of employees may not be addressed resulting in disappointment, frustration and consequently attrition.</i> | <i>Management and the HR manager tries to take into consideration the specific circumstances of each employee affected.</i>   |
| <b>What are the Opportunity/ies Identified?</b>   | <b>Management Approach</b>  |
| <i>Management has not identified any opportunity associated with this topic.</i>  | <i>None</i>   |

#### Diversity and Equal Opportunity

| Disclosure  | Quantity | Units |
|---|----------|-------|
| % of female workers in the workforce                                      | 45       | %     |
| % of male workers in the workforce  | 55       | %     |
| Number of employees from indigenous communities and/or vulnerable sector* | 0        | #     |

*\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

|  |                            |
|--|----------------------------|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> | <b>Management Approach</b> |
| <i>Management has not identified any impact associated with this topic.</i>                              | <i>None</i>                |
| <b>What are the Risk/s Identified?</b>   | <b>Management Approach</b> |
| <i>Management has not identified any risk/s associated with this topic.</i>                              | <i>None</i>                |
| <b>What are the Opportunity/ies Identified?</b>  | <b>Management Approach</b> |

|  |             |
|--|-------------|
| <i>Management has not identified any opportunity/ies associated with this topic.</i> | <i>None</i> |
|--|-------------|

### Workplace Conditions, Labor Standards, and Human Rights

#### Occupational Health and Safety

| <b>Disclosure</b>              | <b>Quantity</b> | <b>Units</b> |
|--------------------------------|-----------------|--------------|
| Safe Man-Hours                 | 8               | Man-hours    |
| No. of work-related injuries   | 0               | #            |
| No. of work-related fatalities | 0               | #            |
| No. of work-related ill-health | 0               | #            |
| No. of safety drills           | 2               | Man-hours    |

|  |                            |
|--|----------------------------|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> | <b>Management Approach</b> |
| <i>Management has not identified any impact associated with this topic.</i>                              | <i>None</i>                |
| <b>What are the Risk/s Identified?</b>   | <b>Management Approach</b> |
| <i>Management has not identified any risk/s associated with this topic.</i>                              | <i>None</i>                |
| <b>What are the Opportunity/ies Identified?</b>  | <b>Management Approach</b> |
| <i>Management has not identified any opportunity/ies associated with this topic.</i>                     | <i>None</i>                |

#### Labor Laws and Human Rights

| <b>Disclosure</b>   | <b>Quantity</b> | <b>Units</b> |
|---|-----------------|--------------|
| No. of legal actions or employee grievances involving forced or child labor | 0               | #            |

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

| <b>Topic</b> | <b>Y/N</b> | <b>If Yes, cite reference in the company policy</b> |
|--------------|------------|---|
| Forced labor | N          |   |
| Child labor  | N          |   |
| Human Rights | N          |   |

|  |   |
|--|---|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>   | <b>Management Approach</b>  |
| <i>Considering the small number of employees employed by the Corporation and its subsidiaries, there is no need to formalize a policy that disallows violations of labor laws such as forced, child labor, and human rights.</i> | <i>The HR manager for the Philcomsat Group of Companies is well versed in labor laws and protection of human rights and who is known to all employees, thus any incident that violates labor laws and human rights can easily be addressed.</i> |
| <b>What are the Risk/s Identified?</b>   | <b>Management Approach</b>  |
| <i>Management has not identified any risk/s associated with this topic.</i>  | <i>None</i>   |

| What are the Opportunity/ies Identified?   | Management Approach |
|--|---------------------|
| <i>Management has not identified any opportunity/ies associated with this topic.</i> | <i>None</i>         |

### Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

No

Do you consider the following sustainability topics when accrediting suppliers?

| Topic                     | Y/N | If Yes, cite reference in the supplier policy |
|---------------------------|-----|---|
| Environmental performance | N   |   |
| Forced labor              | N   |   |
| Child labor               | N   |   |
| Human rights              | N   |   |
| Bribery and corruption    | N   |   |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Management Approach   |
|--|---|
| <i>The Corporation and its subsidiaries' main suppliers are limited to utility providers, professional staffing, and office supplies retailers, none of which require environmental performance background checks or policies on forced labor, child labor, human rights, bribery, and corruption.</i> | <i>If the Corporation or its subsidiaries engage in activities that have an impact on the environment, labor, human rights, or are susceptible to bribery and corruption, Management will establish policies and implement programs to consider these factors when accrediting suppliers.</i> |
| What are the Risk/s Identified?  | Management Approach   |
| <i>Management has not identified any risk/s associated with doing business with the main suppliers of the Corporation and its subsidiaries which consist only of utility providers, professional staffing, and office supplies retailers.</i>  | <i>If the Corporation or its subsidiaries engage in activities that have an impact on the environment, labor, human rights, or are susceptible to bribery and corruption, Management will establish policies and implement programs to consider these factors when accrediting suppliers.</i> |
| What are the Opportunity/ies Identified?   | Management Approach   |
| <i>Management has not identified any opportunity/ies associated with doing business with the main suppliers of the Corporation and its subsidiaries which consist only of utility providers, professional staffing, and office supplies retailers.</i>   | <i>If the Corporation or its subsidiaries engage in activities that have an impact on the environment, labor, human rights, or are susceptible to bribery and corruption, Management will establish policies and implement programs to consider these factors when accrediting suppliers.</i> |

### Relationship with Community

#### Significant Impacts on Local Communities

| Operations with significant (positive or negative) impacts on local communities | Location | Vulnerable groups (if applicable)* | Does the particular operation have impacts on indigenous | Collective or individual rights that have been identified that or particular | Mitigating measures (if negative) or enhancement measures (if positive) |
|---|----------|------------------------------------|--|--|---|
|   |          |                                    |  |  |   |

|  |      |      |               |                           |      |
|--|------|------|---------------|---------------------------|------|
| {exclude CSR projects; this has to be business operations} |      |      | people (Y/N)? | concern for the community |      |
| None   | None | None | N             | None                      | None |

\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: None

| Certificates                     | Quantity | Units |
|----------------------------------|----------|-------|
| FPIC process is still undergoing | 0        | #     |
| CP secured                       | 0        | #     |

| What are the Risk/s Identified?  | Management Approach   |
|--|---|
| <i>The operations of the Corporation and its subsidiaries do not affect IPs; thus, Management has not identified any risk/s associated with this topic.</i>          | <i>In the event that the Corporation and its subsidiaries become engaged in activities that offer products or services that affect IPs, Management shall establish policies and implement programs for the protection of IPs.</i> |
| What are the Opportunity/ies Identified?   | Management Approach   |
| <i>The operations of the Corporation and its subsidiaries do not affect IPs; thus, Management has not identified any opportunity/ies associated with this topic.</i> | <i>In the event that the Corporation and its subsidiaries become engaged in activities that offer products or services that affect IPs, Management shall establish policies and implement programs for the protection of IPs.</i> |

## Customer Management

### Customer Satisfaction

| Disclosure            | Score | Did a third party conduct the customer satisfaction study (Y/N)? |
|-----------------------|-------|--|
| Customer satisfaction | 100   | N  |

| What is the impact and where does it occur? What is the organization's involvement in the impact?   | Management Approach   |
|---|---|
| <i>For its stock transfer services, customer satisfaction as to accuracy of the reports, the processing time for transfers, and the reliability of data is of paramount importance. Thus, PSTI has to ensure that the service always meets its clients' expectations.</i> | <i>Management ensures that all data is accurate and complete, and the work performed by its staff is satisfactory before releasing any report or information to the clients. Any concern of a client has to be resolved in a reasonable amount of time.</i> |
| What are the Risk/s Identified?   | Management Approach   |
| <i>In order to meet client's demands and regulatory deadlines, the client at times may not give PSTI sufficient time to properly review and check its generated reports.</i>  | <i>Management regularly meets with the client to request for feedback and an assessment of its performance so that any shortcomings can be addressed immediately.</i>   |
| What are the Opportunity/ies Identified?  | Management Approach   |

|   |   |
|---|---|
| Constant need to keep PSTI updated regarding software for data entry and network security is the opportunity associated with this topic identified by Management. | Automation of much of its processes is one of the approaches that Management intends to pursue in order to reduce man-power hours/requirements and ensure consistent/uniform quality of services provided to its clients. |
|---|---|

#### Health and Safety

| Disclosure   | Quantity | Units |
|--|----------|-------|
| No. of substantiated complaints on product or service health and safety* | 0        | #     |
| No. of complaints addressed  | 0        | #     |

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

|  |  |
|--|--|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>                     | <b>Management Approach</b>   |
| <i>The services rendered by the Corporation and its subsidiaries do not compromise the health and safety of its clients.</i> | <i>In the event that the Corporation or its subsidiaries become engaged in or provide services that may pose a health and safety risk, Management shall establish policies and implement programs to protect the health and safety of its clients.</i> |
| <b>What are the Risk/s Identified?</b>   | <b>Management Approach</b>   |
| <i>Management has not identified any risk/s associated with this topic.</i>  | <i>In the event that the Corporation or its subsidiaries become engaged in or provide services that may pose a health and safety risk, Management shall establish policies and implement programs to protect the health and safety of its clients.</i> |
| <b>What are the Opportunity/ies Identified?</b>  | <b>Management Approach</b>   |
| <i>Management has not identified any opportunity/ies associated with this topic.</i>   | <i>In the event that the Corporation or its subsidiaries become engaged in or provide services that may pose a health and safety risk, Management shall establish policies and implement programs to protect the health and safety of its clients.</i> |

#### Marketing and labelling

| Disclosure  | Quantity | Units |
|---|----------|-------|
| No. of substantiated complaints on marketing and labelling* | 0        | #     |
| No. of complaints addressed                                 | 0        | #     |

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

|   |   |
|---|---|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>                | <b>Management Approach</b>  |
| <i>The Corporation and its subsidiaries are not engaged in activities that require it to market and label products.</i> | <i>In the event that the Corporation or its subsidiaries become engaged in activities that require marketing or labelling of products, Management shall establish policies and implement programs for protection of the consumer.</i> |
| <b>What are the Risk/s Identified?</b>  | <b>Management Approach</b>  |

|  |   |
|--|---|
| <i>Management has not identified any risk/s associated with this topic.</i>          | <i>In the event that the Corporation or its subsidiaries become engaged in activities that require marketing or labelling of products, Management shall establish policies and implement programs for protection of the consumer.</i> |
| <b>What are the Opportunity/ies Identified?</b>                                      | <b>Management Approach</b>  |
| <i>Management has not identified any opportunity/ies associated with this topic.</i> | <i>In the event that the Corporation or its subsidiaries become engaged in activities that require marketing or labelling of products, Management shall establish policies and implement programs for protection of the consumer.</i> |

#### Customer privacy

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| No. of substantiated complaints on customer privacy*   | 0               | #            |
| No. of complaints addressed  | 0               | #            |
| No. of customers, users and account holders whose information is used for secondary purposes | 0               | #            |

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

|   |   |
|---|---|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  | <b>Management Approach</b>  |
| <i>The Corporation's subsidiary, Professional Stock and Transfer, Inc. (PSTI), collects information from its clients such as names, addresses, contact details, and shareholdings.</i>  | <i>PSTI obtains the consent of each client before their personal information is collected and is transparent in how the data is used and secured. The use of customer data is limited to the purpose agreed upon with the client and/or in compliance with the regulatory requirements of the clients of PSTI.</i>                              |
| <b>What are the Risk/s Identified?</b>  | <b>Management Approach</b>  |
| <i>The risks identified with this topic are the unauthorized disclosure of the clients' personal information, unauthorized use of such data, and/or breach of data security measures that may be committed by rogue employees or individuals external to the Corporation or its subsidiaries.</i> | <i>Management requires that personal information of clients is only stored on its secure network. Management ensures that applicants for employment at PSTI are properly screened. PSTI's employees are apprised/oriented with the applicable data protection laws, rules, and regulations and are mandated to ensure compliance therewith.</i> |
| <b>What are the Opportunity/ies Identified?</b>   | <b>Management Approach</b>  |
| <i>The only opportunity identified by PSTI in regards to this topic is that it continually educates itself on and invests in network security.</i>  | <i>Management's approach is to prevent any incident of data breach or violation of its data protection measures since the loss of confidence that may be brought about by such a breach would be irreparable.</i>   |

#### Data Security

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| No. of data breaches, including leaks, thefts and losses of data | 0               | #            |

|  |                            |
|--|----------------------------|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> | <b>Management Approach</b> |
|--|----------------------------|

|   |   |
|---|---|
| <i>The Corporation's subsidiary, Professional Stock and Transfer, Inc. (PSTI), collects information from its clients such as names, addresses, contact details, and shareholdings.</i>                                      | <i>PSTI obtains the consent of each client before their personal information is collected and is transparent in how the data is used and secured. The use of customer data is limited to the purpose agreed upon with the client and/or in compliance with the regulatory requirements of the clients of PSTI.</i>                              |
| <b>What are the Risk/s Identified?</b>  | <b>Management Approach</b>  |
| <i>The risks identified with this topic are the unauthorized disclosure of the clients' personal information, unauthorized use of such data, and/or breach of data security measures by individuals or rogue employees.</i> | <i>Management requires that personal information of clients is only stored on its secure network. Management ensures that applicants for employment at PSTI are properly screened. PSTI's employees are apprised/oriented with the applicable data protection laws, rules, and regulations and are mandated to ensure compliance therewith.</i> |
| <b>What are the Opportunity/ies Identified?</b>   | <b>Management Approach</b>  |
| <i>The only opportunity identified by PSTI in regards to this topic is that it continually educates itself on and invests in network security.</i>  | <i>Management's approach is to prevent any incident of data breach or violation of its data protection measures since the loss of confidence that may be brought about by such a breach would be irreparable.</i>   |

## UN SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

| Key Products and Services | Societal Value / Contribution to UN SDGs     | Potential Negative Impact of Contribution                             | Management Approach to Negative Impact  |
|---------------------------|--|---|---|
| Stock transfer services   | Goal No. 8 - Decent Work and Economic Growth | Unlikely to provide more employment unless the client base increases. | Aggressive marketing of its services to other PLCs and registered companies is required to be able to achieve its UN SDG. |
| Money Market Operations   | Goal No. 8 - Decent Work and Economic Growth | Unlikely to provide more employment due to the nature of business.    | Investment in subsidiaries that are labor intensive is required to be able to achieve its UN SDG.                         |

*\* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*