



## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
Anchor Insurance Brokerage Corporation  
40 San Miguel Avenue, Wack-Wack Greenhills 1550  
City of Mandaluyong, Second District  
National Capital Region (NCR)

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Anchor Insurance Brokerage Corporation (the Company), a subsidiary of San Miguel Corporation, which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### *Basis for Opinion*

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

#### *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.

*Auditors' 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 auditors' 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of the 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.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

**Report on the Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 20 as attached to annual income tax return is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Anchor Insurance Brokerage Corporation. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**REYES TACANDONG & Co.**

  
CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782/P-007; Valid until June 6, 2026

SEC Accreditation No. 86981-SEC Group A

Issued March 24, 2020

Valid for Financial Periods 2023 to 2025

BIR Accreditation No. 08-005144-007-2025

Valid until August 10, 2028

PTR No. 10764005

Issued January 2, 2026, Makati City

March 13, 2026

Makati City, Metro Manila

**ANCHOR INSURANCE BROKERAGE CORPORATION**  
(A Subsidiary of San Miguel Corporation)

**STATEMENTS OF FINANCIAL POSITION**

		<b>December 31</b>	
	<i>Note</i>	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5, 17	<b>₱241,028,792</b>	₱221,043,188
Receivables	6, 17	<b>62,578,746</b>	49,324,872
Other current assets	7, 17	<b>36,335,505</b>	31,554,726
Total Current Assets		<b>339,943,043</b>	301,922,786
<b>Noncurrent Assets</b>			
Property and equipment	8	<b>31,331,015</b>	33,801,705
Net deferred tax assets	14	<b>7,437,054</b>	8,896,641
Total Noncurrent Assets		<b>38,768,069</b>	42,698,346
		<b>₱378,711,112</b>	₱344,621,132
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Premiums due to underwriters	9, 17	<b>₱166,648,766</b>	₱150,503,470
Accounts payable and accrued expenses	10, 16, 17	<b>56,746,949</b>	59,722,474
Total Current Liabilities		<b>223,395,715</b>	210,225,944
<b>Noncurrent Liability</b>			
Net retirement liability	15	<b>10,841,475</b>	13,865,616
Total Liabilities		<b>234,237,190</b>	224,091,560
<b>Equity</b>			
Capital stock	18	<b>45,000,000</b>	45,000,000
Treasury stock - at cost	18	<b>(27,785,867)</b>	(27,785,867)
Retained earnings	18	<b>142,908,365</b>	121,334,715
Equity reserve for retirement plan	15	<b>(15,648,576)</b>	(18,019,276)
Total Equity		<b>144,473,922</b>	120,529,572
		<b>₱378,711,112</b>	₱344,621,132

See Notes to the Financial Statements.

**ANCHOR INSURANCE BROKERAGE CORPORATION**  
(A Subsidiary of San Miguel Corporation)

**STATEMENTS OF INCOME**

		<b>Years Ended December 31</b>	
	<i>Note</i>	<b>2025</b>	<b>2024</b>
<b>REVENUES</b>			
Commissions	12	<b>₱184,506,062</b>	₱171,766,282
Service fees		<b>3,171,428</b>	3,010,718
		<b>187,677,490</b>	174,777,000
<b>COSTS AND EXPENSES</b>			
Salaries and employee benefits	15	<b>75,787,672</b>	74,026,492
Directors' and shared services fees	16	<b>19,269,353</b>	16,773,555
Contracted services		<b>15,614,567</b>	13,819,654
Repairs and maintenance		<b>6,707,169</b>	6,769,540
Communications, light and water		<b>3,825,548</b>	3,635,075
Taxes and licenses		<b>2,691,039</b>	3,155,960
Depreciation	8	<b>2,470,690</b>	2,485,138
Membership and association dues		<b>1,726,877</b>	1,487,888
Trainings and seminars		<b>1,673,585</b>	1,411,427
Supplies		<b>1,212,101</b>	1,304,252
Others		<b>2,367,730</b>	2,340,083
		<b>133,346,331</b>	127,209,064
<b>OTHER INCOME - Net</b>	13	<b>7,169,557</b>	12,349,092
<b>INCOME BEFORE INCOME TAX</b>		<b>61,500,716</b>	59,917,028
<b>INCOME TAX EXPENSE</b>	14	<b>14,927,066</b>	14,359,829
<b>NET INCOME</b>		<b>₱46,573,650</b>	₱45,557,199

*See Notes to the Financial Statements.*

**ANCHOR INSURANCE BROKERAGE CORPORATION**  
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**STATEMENTS OF COMPREHENSIVE INCOME**

		<b>Years Ended December 31</b>	
	<i>Note</i>	<b>2025</b>	<b>2024</b>
<b>NET INCOME</b>		<b>₱46,573,650</b>	<b>₱45,557,199</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Item that will not be reclassified to profit or loss</i>			
Equity reserve for retirement plan	15	<b>3,160,933</b>	(8,521,430)
Income tax benefit (expense)		<b>(790,233)</b>	2,130,357
		<b>2,370,700</b>	(6,391,073)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱48,944,350</b>	<b>₱39,166,126</b>

*See Notes to the Financial Statements.*

**ANCHOR INSURANCE BROKERAGE CORPORATION**  
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**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

	<i>Note</i>	Capital Stock	Treasury Stock	Retained Earnings	Equity Reserve for Retirement Plan	Total Equity
<b>Balances as at January 1, 2025</b>		<b>₱45,000,000</b>	<b>(₱27,785,867)</b>	<b>₱121,334,715</b>	<b>(₱18,019,276)</b>	<b>₱120,529,572</b>
Net income		–	–	46,573,650	–	46,573,650
Equity reserve for retirement plan, net of deferred tax	15	–	–	–	2,370,700	2,370,700
Total comprehensive income		–	–	46,573,650	2,370,700	48,944,350
Cash dividends	18	–	–	(25,000,000)	–	(25,000,000)
<b>Balances as at December 31, 2025</b>		<b>₱45,000,000</b>	<b>(₱27,785,867)</b>	<b>₱142,908,365</b>	<b>(₱15,648,576)</b>	<b>₱144,473,922</b>
Balances as at January 1, 2024		₱45,000,000	₱–	₱95,777,516	(₱11,628,203)	₱129,149,313
Net income		–	–	45,557,199	–	45,557,199
Equity reserve for retirement plan, net of deferred tax	15	–	–	–	(6,391,073)	(6,391,073)
Total comprehensive income (loss)		–	–	45,557,199	(6,391,073)	39,166,126
Cash dividends	18	–	–	(20,000,000)	–	(20,000,000)
Buy back of capital stock	18	–	(27,785,867)	–	–	(27,785,867)
<b>Balances as at December 31, 2024</b>		<b>₱45,000,000</b>	<b>(₱27,785,867)</b>	<b>₱121,334,715</b>	<b>(₱18,019,276)</b>	<b>₱120,529,572</b>

See Notes to the Financial Statements.

**ANCHOR INSURANCE BROKERAGE CORPORATION**  
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**STATEMENTS OF CASH FLOWS**

		Years Ended December 31	
	<i>Note</i>	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		<b>₱61,500,716</b>	₱59,917,028
Adjustments for:			
Retirement expense	15	<b>12,551,951</b>	4,926,283
Interest income	5, 13	<b>(8,019,495)</b>	(9,983,930)
Depreciation	8	<b>2,470,690</b>	2,485,138
Net operating income before working capital changes		<b>68,503,862</b>	57,344,519
Increase in:			
Receivables		<b>(12,961,826)</b>	(14,243,145)
Other current assets		<b>(4,780,779)</b>	(4,020,282)
Increase (decrease) in:			
Premiums due to underwriters		<b>16,145,296</b>	8,584,552
Accounts payable and accrued expenses		<b>(2,975,525)</b>	(2,428,704)
Net cash generated from operations		<b>63,931,028</b>	45,236,940
Income taxes paid		<b>(14,257,712)</b>	(13,786,598)
Contributions to the retirement plan	15	<b>(12,415,159)</b>	(12,750,423)
Interest received		<b>7,727,447</b>	9,983,930
Net cash flows provided by operating activities		<b>44,985,604</b>	28,683,849
<b>CASH FLOW FROM AN INVESTING ACTIVITY</b>			
Additions to property and equipment	8	–	(67,499)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash dividends paid	18	<b>(25,000,000)</b>	(20,000,000)
Buy back of capital stock	18	–	(27,785,867)
Cash flows used in financing activities		<b>(25,000,000)</b>	(47,785,867)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>19,985,604</b>	(19,169,517)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>221,043,188</b>	240,212,705
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	5, 17	<b>₱241,028,792</b>	₱221,043,188

See Notes to the Financial Statements.

**ANCHOR INSURANCE BROKERAGE CORPORATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**

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**1. Reporting Entity**

Anchor Insurance Brokerage Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on August 16, 1983. The Company is 74.27% owned by San Miguel Corporation (SMC), The Ultimate Parent Company is Top Frontier Investment Holdings, Inc., a holding company, incorporated and domiciled in the Philippines. SMC and Top frontier are a publicly-listed companies under Section 17.2 of the Revised Securities Regulation Code (SRC), and their shares are listed on the Philippine Stock Exchange, Inc (PSE).

The Company is primarily engaged in brokerage for insurance, reinsurance, pre-need and health maintenance plans, consultancy and management including acting as insurance, reinsurance, pre-need and health maintenance plan broker and as general manager or general broker for any life or non-life insurance or reinsurance company doing business or authorized to do business in the Philippines.

On December 23, 2024, the Insurance Commission (IC) approved the renewal of the license effective January 1, 2025 until December 31, 2027.

On March 14, 2025, the stockholders approved the change of the Company's registered principal office address to 40 San Miguel Avenue, Wack-Wack Greenhills 1550, City of Mandaluyong, Second District, National Capital Region (NCR). As at report date, the Company has already updated its records with the SEC and is currently in the process of updating its registration with the Bureau of Internal Revenue.

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**2. Basis of Preparation**

Statement of Compliance

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards issued by the International Accounting Standards Board. PFRS Accounting Standards consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

The financial statements as at and for the years ended December 31, 2025 and 2024 were approved and authorized for issue in accordance with a resolution by the Board of Directors (BOD) on March 13, 2026.

Basis of Measurement

The financial statements of the Company have been prepared on a historical cost basis, except for the net retirement liability that is measured at the present value of the defined benefit retirement obligation less the fair value of the plan assets.

#### Functional and Presentation Currency

The financial statements are presented in Philippine Peso, which is the Company's functional currency. All financial information is rounded off to the nearest peso, except when otherwise indicated.

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### **3. Material Accounting Policy Information**

The material accounting policies set out below have been applied consistently to all years presented in the financial statements, except for the changes in accounting policies as explained below.

The FSRSC approved the adoption of a number of amended standards as part of PFRS Accounting Standards.

#### Adoption of Amended Standards

The Company has adopted the Lack of Exchangeability (Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates*) effective January 1, 2025. The amendments clarify that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, an entity needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

The adoption of the amendments to standards did not have a material effect on the financial statements of the Company.

#### New and Amendments to Standards Not Yet Effective

A number of amendments to standards are effective for annual reporting periods beginning after December 31, 2025 and have not been applied in preparing the financial statements.

The Company will adopt the following new and amendments to standards on the respective effective dates:

Effective for annual periods beginning on or after January 1, 2026:

- Disclosures about Uncertainties in the Financial Statements (Amendments to Illustrative Examples on PFRS 7, *Financial Instruments: Disclosures*, PFRS 18, *Presentation and Disclosure in Financial Statements*, PAS 1, *Presentation of Financial Statements*, PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, PAS 36, *Impairment of Assets* and PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*). The amendments provide illustrative examples demonstrating how entities can apply PFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. The examples use climate-related scenarios as practical illustrations, but the underlying principles apply more broadly to all uncertainties.

The illustrative examples are not an integral part of the PFRS Accounting Standards and do not have an effective date or transition requirements. Entities are expected to consider these examples in applying the disclosure requirements of the relevant standards on a timely basis.

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7 – *Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at fair value through other comprehensive income (FVOCI) with contingent features. Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11 -
  - Amendments to PFRS 7 – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18 – This standard replaces PAS 1 and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.
- PFRS 19, *Subsidiaries without Public Accountability: Disclosures* – This standard is a voluntary standard which permits simplified disclosure requirements for eligible subsidiaries applying PFRS Accounting Standards. An entity is eligible to apply PFRS 19 when it does not have public accountability and its parent produces consolidated financial statements available for public use that complies with PFRS Accounting Standards disclosure requirements. Earlier application is permitted.

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

#### Current versus Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as noncurrent. Retirement liability and net deferred tax assets is classified as noncurrent.

#### Financial Instruments

*Recognition and Initial Measurement.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

A financial asset or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as financial assets at fair value through profit or loss (FVPL), includes transaction costs.

#### Financial Assets

The Company classifies its financial assets, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Company managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Company changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The Company has no financial assets at FVOCI and FVPL as at December 31, 2025 and 2024.

*Financial Assets at Amortized Cost.* A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company's cash and cash equivalents, receivables (excluding advances to officers and employees presented under "Others") and security deposits presented under "Other current assets" are included under this category (Notes 5, 6, 7, 11 and 17).

#### Financial Liabilities

The Company classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

The Company has no financial liabilities at FVPL as at December 31, 2025 and 2024.

*Other Financial Liabilities.* This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability. Gains and losses are recognized in the statements of income where the liabilities are derecognized as well as through the amortization process.

The Company's liabilities arising from its premiums due to underwriters, accounts payable and accrued expenses (excluding payables to regulatory agencies) are included under this category (Notes 9, 10, 16, 17 and 18).

#### Derecognition of Financial Assets and Financial Liabilities

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

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

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

#### Impairment of Financial Assets

The Company recognizes allowance for expected credit losses (ECL) on receivables and other financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, 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 including forward-looking information.

The Company recognizes lifetime ECL for receivables. The Company uses provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting period, the Company assesses whether financial assets 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 observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the restructuring of a financial asset by the Company on the terms that the Company would not consider otherwise;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (e) the disappearance of an active market for that financial asset because of financial difficulties;

The Company considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Company directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Company determines that the borrower 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.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the statement of comprehensive income.

#### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liabilities simultaneously.

#### Other Current Assets

Other current assets, which include creditable withholding tax (CWT) and prepayments, are stated at face value and subsequently measured at cost less any impairment in value.

*CWT.* CWT represents the amount withheld by the Company's customer in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

*Prepayments.* Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in the statement of comprehensive income as they are consumed or expire with the passage of time.

#### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operations, such as repairs and maintenance, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Capital projects in progress (CPIP) represent the amount of accumulated expenditures on unfinished and/or ongoing projects. This includes the costs of construction and other direct costs. CPIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation which commences when the assets are available for their intended use, is computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Office condominium and improvements	20 to 50
Office furniture, fixtures and equipment	3 to 5

The remaining useful lives and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and methods of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the period of retirement or disposal.

#### Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether, throughout the period of use:

- the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the identified asset.

The Company has elected not to recognize right-of-use (ROU) asset and lease liability for short-term leases of parking slots that have a lease term of 12 months. The Company recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

#### Impairment of Non-financial Assets

The carrying amounts of property and equipment and other assets, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the higher of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment loss is recognized in the statement of income.

An assessment is made at each reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either; (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

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

### Premiums Due to Underwriters

Premiums due to underwriters pertain to the total amount of premiums already collected by the Company on behalf of the insurance providers but not yet remitted to the latter.

### Equity

*Capital Stock.* Capital stock is recognized as issued when the stock is paid. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

*Treasury Stock.* Own equity instruments which are reacquired are carried at cost and deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

*Retained Earnings.* Retained earnings represent the accumulated net income or losses, net of any dividends and distributions.

Dividend distribution to the Company's shareholders is recognized in the period in which the dividends are approved by the Company's BOD. The Company intends to declare dividends subject to availability of retained earnings and operational requirement.

*Other Comprehensive Income (Loss).* Other comprehensive income (loss) comprises items of income and expense, including items previously presented under the statements of changes in equity, that are not recognized in the statement of income for the year. Other comprehensive income (loss) of the Company pertains to equity reserve for retirement plan.

#### Revenue Recognition

The Company recognizes revenue from contracts with customers when control of services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services, excluding amounts collected on behalf of third parties. The Company assesses its revenue arrangements to determine if it is acting as principal or agent.

The transfer of control can occur over time or at a point in time. Revenue is recognized at a point in time unless one of the following criteria is met, in which case it is recognized over time: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

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

*Commissions.* Commissions on direct insurance and reinsurance brokerage is recognized when the related brokerage services have been rendered and the amount can be measured reliably and upon issuance of reinsurance binder or statement of accounts to reinsurers, respectively, as it is when the services have been performed. The amount of income is adjusted when there are cancellations or additions in insurance coverage.

*Service Fees.* Service fees are recognized when the Company provided insurance assistance to the insured as evidenced by a service invoice.

The Company recognizes commissions on a net basis as it was determined to be an agent in its revenue arrangements, while service fees are recognized on a gross basis as it was determined to be a principal in those arrangements.

*Interest Income.* Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

#### Costs and Expenses

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

### Employee Benefits

*Short-term Employee Benefits.* Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Retirement Benefits.* The net defined benefit retirement liability or asset is the aggregate of the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning projected salaries of employees. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in subsequent period.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the defined benefit retirement liability (asset); and
- Remeasurements of defined benefit retirement liability (asset).

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the defined benefit retirement liability or asset is the change during the period as a result of contributions and benefit payments, which is determined by applying the discount rate based on the government bonds to the defined benefit retirement liability or asset. Net interest on the defined benefit liability or asset is recognized as expense or income in the statement of income.

Remeasurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and the effect of asset ceiling (excluding net interest) are recognized immediately in other comprehensive income in the period in which these arise. Remeasurements are not classified to statement of comprehensive income in subsequent periods.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of income. The Company recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.

### Foreign Currency Translations

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency rate or exchange ruling at the reporting period.

Foreign currency differences arising on translation are recognized in the statement of income.

### Taxes

*Current Tax.* Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting period.

The Company periodically evaluates position taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

*Deferred Tax.* Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except-

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit.

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred taxes are recognized in the statement of income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

*Value-added Tax (VAT)*. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax payable to the taxation authority is included as part of “Accounts payable and accrued expenses” accounts in the statements of financial position.

#### Related Parties

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are on an arm’s length basis in a manner similar to transactions with non-related parties.

#### Provisions

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate.

#### Contingencies

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

#### Events after the Reporting Period

Post year-end events that provide additional information about the Company’s financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to the financial statements when material.

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#### 4. Use of Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS Accounting Standards requires management to make accounting judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

##### Judgments

In the process of applying the accounting policies, the Company has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the financial statements:

*Determining Fair Value.* A number of the Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS Accounting Standards, including the level in the fair value hierarchy in which such valuations should be classified.

The Company uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (Note 3).

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

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

The methods and assumptions used to estimate the fair values for both financial assets and liabilities are discussed in Note 17.

*Determining whether the Company is Acting as Principal or an Agent in a Revenue Transaction.* The Company assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the services;
- whether the Company has discretion in establishing prices; and
- whether the Company bears the credit risk.

If the Company has determined it is acting as a principal, the Company recognizes revenue on gross basis with the amount remitted to the other party being accounted as part of cost and expenses. If the Company has determined that it is acting as an agent, only the net amount retained is recognized as revenue.

The Company has determined that it is acting as an agent on its commissions and as a principal on its service fees.

*Evaluating Contingencies.* The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

The Company has not recognized any provision as at December 31, 2025 and 2024.

#### Estimates and Assumptions

The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

*Assessing ECL on Trade Receivables.* The Company, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables for at least two years. The Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customers. The Company then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Company has assessed that the forward-looking default rate component of its ECL on trade receivables is not material because substantial amount of receivables are normally collected within one year. Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Company from its trade receivables.

The Company did not recognize provision for impairment losses on its receivables in 2025 and 2024. The carrying amount of receivables and allowance for impairment losses on receivables as at December 31, 2025 and 2024 are disclosed in Note 6.

*Assessing ECL on Other Financial Assets at Amortized Cost.* The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets at day one to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized.

The carrying amounts of other financial assets at amortized cost as at December 31, 2025 and 2024 are disclosed in Notes 5, 6 and 7.

*Estimating Useful Lives of Property and Equipment.* The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recorded cost and selling and administrative expenses and decrease noncurrent assets.

Details of depreciable property and equipment as at December 31, 2025 and 2024 are disclosed in Note 8.

*Assessing Impairment of Property and Equipment and Other Nonfinancial Assets.* PFRS Accounting Standards require that an impairment review be performed on property and equipment and other nonfinancial assets, when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

As at December 31, 2025 and 2024, management has assessed that no indications exist that the property and equipment and other nonfinancial assets are impaired.

The carrying amount of property and equipment as at December 31, 2025 and 2024 is disclosed in Note 8.

*Determining Present Value of Defined Benefit Retirement Obligation.* The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions include, among others, the discount rate and salary increase rate. Further details about the assumptions are disclosed in Note 15.

The Company determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Company considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms of maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

While it is believed that the Company's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company's defined benefit retirement obligation.

The present value of defined benefit retirement obligation as at December 31, 2025 and 2024 is disclosed in Note 15.

*Assessing Realizability of Deferred Tax Assets.* The Company reviews its deferred tax assets at each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary difference is based on the projected taxable income in the following periods.

As at December 31, 2025 and 2024, details of Company's deferred tax assets are disclosed in Note 14.

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## 5. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	<i>Note</i>	2025	2024
Cash on hand		<b>₱60,000</b>	₱60,000
Cash in banks		<b>29,451,422</b>	12,957,436
Short-term investments		<b>211,517,370</b>	208,025,752
	<i>17</i>	<b>₱241,028,792</b>	<b>₱221,043,188</b>

Cash in banks earn interest at the respective bank deposit rates. Short-term investments include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Company and earn interest at short-term investment rates. Interest rates range from 2.50% to 4.40% and 0.13% to 5.75% in 2025 and 2024, respectively.

Interest income from cash in banks and short-term investments amounted to ₱8.02 million and ₱9.98 million in 2025 and 2024, respectively (Note 13). Accrued interest receivable from short-term investments presented under “Others” in ‘Receivables’ account amounted to ₱292,048 and ₱198,720 as at December 31, 2025 and 2024, respectively (Note 6).

## 6. Receivables

Receivables consist of:

	<i>Note</i>	2025	2024
Commissions		<b>₱48,823,622</b>	₱33,230,797
Service fees -			
Third parties		<b>12,028,844</b>	7,704,246
Others		<b>1,872,410</b>	8,535,959
		<b>62,724,876</b>	49,471,002
Allowance for impairment loss		<b>(146,130)</b>	(146,130)
	<i>17</i>	<b>₱62,578,746</b>	₱49,324,872

The aging of receivables is as follows:

	2025	2024
Current	<b>₱32,113,492</b>	₱28,617,871
Past due:		
1-30 days	<b>5,079,844</b>	5,888,814
31-60 days	<b>3,392,638</b>	1,418,167
61-90 days	<b>3,467,361</b>	970,322
Over 90 days	<b>18,671,541</b>	12,575,828
	<b>₱62,724,876</b>	₱49,471,002

Receivables from commissions and service fees have normal credit terms of 60 days.

The Company believes that the unimpaired amounts that are past due by more than 60 days are still collectible, based on historical payment behavior and analyses of the underlying customer credit ratings. There are no significant changes in their credit quality.

Other receivables mainly pertain to interest receivables from short-term placements and advances from employees. Accrued interest receivable amounted to ₱292,048 and ₱198,720 as at December 31, 2025 and 2024, respectively Note (Note 5).

## 7. Other Current Assets

Other current assets consist of:

	<i>Note</i>	2025	2024
Prepaid taxes and licenses		<b>₱36,316,605</b>	₱31,493,046
Security deposits	<i>11, 17</i>	<b>18,900</b>	61,680
		<b>₱36,335,505</b>	₱31,554,726

Prepaid taxes and licenses pertain to creditable withholding taxes and prepaid real estate taxes

## 8. Property and Equipment

Property and equipment consist of:

	Office Condominium and Improvements	Office Furniture, Fixtures and Equipment	Capital Project in Progress	Total
<b>Cost</b>				
January 1, 2024	₱66,741,501	₱3,353,438	₱2,207,306	₱72,302,245
Additions	–	67,499	–	67,499
December 31, 2024	66,741,501	3,420,937	2,207,306	72,369,744
Retirement	–	(443,749)	–	(443,749)
<b>December 31, 2025</b>	<b>66,741,501</b>	<b>2,977,188</b>	<b>2,207,306</b>	<b>71,925,995</b>
<b>Accumulated Depreciation</b>				
January 1, 2024	35,093,857	989,044	–	36,082,901
Depreciation	1,498,367	986,771	–	2,485,138
December 31, 2024	36,592,224	1,975,815	–	38,568,039
Depreciation	1,498,367	972,323	–	2,470,690
Retirement	–	(443,749)	–	(443,749)
<b>December 31, 2025</b>	<b>38,090,591</b>	<b>2,504,389</b>	<b>–</b>	<b>40,594,980</b>
<b>Carrying Amount</b>				
December 31, 2024	₱30,149,277	₱1,445,122	₱2,207,306	₱33,801,705
<b>December 31, 2025</b>	<b>₱28,650,910</b>	<b>₱472,799</b>	<b>₱2,207,306</b>	<b>₱31,331,015</b>

Cost of fully depreciated property and equipment still being used in the operations of the Company amounted to ₱443,749 as at December 31, 2024. In 2025, the cost of fully depreciated property and equipment amounting to ₱443,749 was derecognized.

## 9. Premiums Due to Underwriters

This account represents the amount collected by the Company from policyholders to be subsequently remitted to various insurers that the Company represents amounting to ₱166.65 million and ₱150.50 million as at December 31, 2025 and 2024, respectively (Note 17).

## 10. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	Note	2025	2024
Accounts payable:			
Third parties	17	₱41,637,450	₱40,975,953
Related parties	16, 17	1,884,391	709,469
Accrued expenses	17	7,563,597	9,458,894
Payables to regulatory agencies		5,317,442	8,415,346
Others	17	344,069	162,812
		<b>₱56,746,949</b>	<b>₱59,722,474</b>

Accounts payable mainly pertain to payable to suppliers for purchase of goods and services with 30-day credit term. Accounts payable include transactions with related parties.

Accrued expenses consist of accrued bonuses, leaves and other benefits.

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### 11. Lease Commitments

The Company has existing short-term lease agreements for the lease of two parking slots with one-year term, renewable upon mutual agreement by both parties to be covered by a separate and new lease agreement.

Rent expense amounted to ₱75,600 and ₱109,800 in 2025 and 2024, respectively.

The security deposits pertaining to the lease agreements amounted to ₱18,900 and ₱61,680 as at December 31, 2025 and 2024, respectively, are presented under "Other current assets" account in the statements of financial position.

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### 12. Commissions

Commission revenue is earned from providing brokerage services for insurance, reinsurance, pre-need and health maintenance plans, consultancy and management, including acting as insurance, reinsurance, pre-need and health maintenance plan broker and as a general manager or general broker for any life or non-life insurance or reinsurance company doing business or authorized to do business in the Philippines.

Commission revenue amounted to ₱184.51 million and ₱171.77 million in 2025 and 2024, respectively.

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### 13. Other Income (Charges)

Other income (charges) consists of:

	<i>Note</i>	<b>2025</b>	2024
Interest income	5	<b>₱8,019,495</b>	₱9,983,930
Net foreign exchange gain (loss)		<b>(840,714)</b>	2,399,665
Bank charges		<b>(9,224)</b>	(34,503)
		<b>₱7,169,557</b>	₱12,349,092

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### 14. Taxes

The components of income tax expense are shown below:

	<b>2025</b>	2024
Current	<b>₱12,700,951</b>	₱11,910,043
Final	<b>1,556,761</b>	1,876,554
Deferred	<b>669,354</b>	573,232
	<b>₱14,927,066</b>	₱14,359,829

Current income tax expense pertains to regular corporate income tax in 2025 and 2024.

Net deferred tax assets (liabilities) arise from the following:

	2025	2024
<b>Recognized in profit or loss</b>		
Unamortized past service cost	<b>₱2,799,253</b>	₱3,028,981
Retirement liability	<b>(2,505,823)</b>	(2,540,021)
Accrued leave and other benefits	<b>1,890,899</b>	2,364,723
Allowance for impairment loss on receivables	<b>36,533</b>	36,533
	<b>2,220,862</b>	2,890,216
<b>Recognized in other comprehensive income</b>		
Equity reserve for retirement plan	<b>5,216,192</b>	6,006,425
	<b>₱7,437,054</b>	₱8,896,641

The reconciliation between the statutory income tax rate on income before income tax and the Company's effective income tax rates is as follows:

	2025	2024
Statutory income tax rate	<b>25.00%</b>	25.00%
Income tax effect resulting from -		
Interest income subjected to final tax	<b>(0.73%)</b>	(1.03%)
Effective income tax rates	<b>24.27%</b>	23.97%

## 15. Personnel Expenses

Salaries and employee benefits consist of:

	2025	2024
Salaries, wages and allowances	<b>₱51,791,459</b>	₱58,489,463
Retirement expense	<b>12,551,951</b>	4,926,283
Other benefits	<b>11,444,262</b>	10,610,746
	<b>₱75,787,672</b>	₱74,026,492

Other benefits include government-mandated benefits, rice ration, transportation allowances, group life insurance, medical, hospitalization and medicine benefits, and others.

### Retirement Plan

The Company has a funded, noncontributory, defined benefit retirement plan (the Retirement Plan) covering all of their permanent employees. The Retirement Plan of the Company pays out benefits based on final pay. Contributions and costs are determined in accordance with the actuarial studies made for the Retirement Plan. Annual cost is determined using the projected unit credit method. The Company's latest actuarial valuation date is as at December 31, 2025. Valuations are obtained on an annual basis.

The Retirement Plan is registered with the Bureau of Internal Revenue as a tax-qualified plan under Republic Act No. 4917 (An Act Providing that Retirement Benefits of Employees of Private Firms shall not be subject to Attachment, Levy, Execution, or any tax whatsoever), as amended. The control and administration of the Company's Retirement Plan is vested in the Board of Trustees (BOT) of the Retirement Plan.

The BOT of the Retirement Plan exercises voting rights over the shares and approves material transactions. The Retirement Plan’s accounting and administrative functions are undertaken by the Retirement Funds Office of SMC.

The following table shows reconciliation of the net defined benefit retirement liability and its components:

	Fair Value of Plan Assets		Present Value of Defined Benefit Obligation		Net Defined Benefit Retirement Liability	
	2025	2024	2025	2024	2025	2024
Balances at beginning of year	<b>₱36,841,625</b>	₱60,462,296	<b>(₱50,707,241)</b>	(₱73,630,622)	<b>(₱13,865,616)</b>	(₱13,168,326)
<b>Recognized in profit or loss:</b>						
Current service costs	–	–	<b>(2,922,099)</b>	(3,369,799)	<b>(2,922,099)</b>	(3,369,799)
Interest expense	–	–	<b>(3,304,322)</b>	(4,491,468)	<b>(3,304,322)</b>	(4,491,468)
Past service cost – amendment	–	–	<b>(8,819,328)</b>	–	<b>(8,819,328)</b>	–
Interest income	<b>2,493,798</b>	2,934,984	–	–	<b>2,493,798</b>	2,934,984
	<b>2,493,798</b>	2,934,984	<b>(15,045,749)</b>	(7,861,267)	<b>(12,551,951)</b>	(4,926,283)
<b>Recognized in other comprehensive income</b>						
Remeasurements:						
Actuarial gains (losses) arising from:						
Changes in financial assumptions	–	–	<b>(116,902)</b>	(152,492)	<b>(116,902)</b>	(152,492)
Changes in demographic assumptions	–	–	<b>139,791</b>	98,974	<b>139,791</b>	98,974
Experience adjustments	–	–	<b>1,736,765</b>	(6,607,857)	<b>1,736,765</b>	(6,607,857)
Return on plan asset excluding interest	<b>1,401,279</b>	(1,860,055)	–	–	<b>1,401,279</b>	(1,860,055)
	<b>1,401,279</b>	(1,860,055)	<b>1,759,654</b>	(6,661,375)	<b>3,160,933</b>	(8,521,430)
Contributions	<b>12,415,159</b>	12,750,423	–	–	<b>12,415,159</b>	12,750,423
Benefits paid	<b>(5,463,767)</b>	(37,446,023)	<b>5,463,767</b>	37,446,023	–	–
	<b>6,951,392</b>	(24,695,600)	<b>5,463,767</b>	37,446,023	<b>12,415,159</b>	12,750,423
<b>Balances at end of year</b>	<b>₱47,688,094</b>	₱36,841,625	<b>(₱58,529,569)</b>	(₱50,707,241)	<b>(₱10,841,475)</b>	(₱13,865,616)

The Company’s annual contribution to the Retirement Plan consists of payments covering the current service cost. The Company is expected to contribute the amount of ₱4.31 million to the Retirement Plan in 2026.

Effective July 1, 2025, the Company’s Retirement Plan was amended to increase the retirement benefits from 100% to 125% of the final pay for every year of credited service resulting to recognition of past service cost.

Movements of equity reserve for retirement plan recognized in other comprehensive loss follows:

	2025		
	Equity Reserve for Retirement Plan	Deferred Tax (see Note 14)	Net
Balance at beginning of year	<b>(₱24,025,701)</b>	<b>(₱6,006,425)</b>	<b>(₱18,019,276)</b>
Net remeasurement gain	<b>3,160,933</b>	<b>790,233</b>	<b>2,370,700</b>
Balance at end of year	<b>(₱20,864,768)</b>	<b>(₱5,216,192)</b>	<b>(₱15,648,576)</b>
	2024		
	Equity Reserve for Retirement Plan	Deferred Tax (see Note 14)	Net
Balance at beginning of year	<b>(₱15,504,271)</b>	<b>(₱3,876,068)</b>	<b>(₱11,628,203)</b>
Net remeasurement loss	<b>(8,521,430)</b>	<b>(2,130,357)</b>	<b>(6,391,073)</b>
Balance at end of year	<b>(₱24,025,701)</b>	<b>(₱6,006,425)</b>	<b>(₱18,019,276)</b>

Retirement expense recognized under “Salaries and employee benefits” account in the statements of income amounted to ₱12.55 million and ₱4.93 million in 2025 and 2024, respectively.

As at December 31, 2025 and 2024, the carrying amounts of the Company's plan assets approximate its fair value.

The Company's plan assets consist of the following:

	<b>2025</b>	2024
Marketable securities	<b>72.66%</b>	79.35%
Investments in pooled funds -		
Fixed income portfolio	<b>26.04%</b>	18.90%
Others	<b>1.30%</b>	1.75%

Investments in Pooled Funds

Investments in pooled funds were established mainly to put together a portion of the funds of the Retirement Plan of the Company to be able to draw, negotiate and obtain the best terms and financial deals for the investments resulting from big volume transactions.

BOT approved the percentage of asset to be allocated to fixed income instruments and equities. The Retirement Plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The BOT may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

As at December 31, 2025 and 2024, approximately 1.44% and 0.05% of the Retirement Plan's investments in pooled funds in fixed income portfolio include investment in shares of stock of SMC and its subsidiaries, respectively.

Others

Others included the Retirement Plan's cash and cash equivalents which earn interest.

The BOT reviews the level of funding required for the retirement funds. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Company's ALM objective is to match maturities of the plan assets to the defined retirement obligation as they fall due. The Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the defined benefit retirement obligation.

The Retirement Plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

*Investment and Interest Rate Risks.* The present value of the defined benefit retirement obligation calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the defined benefit retirement obligation. However, this will be partially offset by an increase in the return on the Retirement Plan's investments and if the return on plan asset falls below this rate, it will create a deficit in the Retirement Plan. Due to the long-term nature of the defined benefit retirement obligation, a level of continuing equity investments is an appropriate element of the long-term strategy of the Company to manage the Retirement Plan efficiently.

*Longevity and Salary Risks.* The present value of the defined benefit retirement obligation is calculated by reference to the best estimates of: (1) the mortality of plan participants, and (2) the future salaries of the plan participants. Consequently, increase in the life expectancy and salary of the plan participants will result in an increase in the defined benefit retirement obligation.

The overall expected rate of return is determined based on historical performance of the investments.

The principal actuarial assumptions used to determine retirement benefits are as follows:

	In Percentages	
	2025	2024
Discount rate	<b>6.04</b>	6.03
Salary increase rate	<b>5.00</b>	5.00

Assumptions for mortality and disability rates are based on published statistics and mortality and disability tables.

The weighted average duration of defined benefit retirement obligation is 4.3 years and 3.4 years as at December 31, 2025 and 2024, respectively.

As at December 31, 2025 and 2024, the reasonably possible changes to one of the relevant actuarial assumptions, while holding all other assumptions constant, would have affected the defined benefit retirement obligation by the amounts below, respectively.

	2025		2024	
	1 Percent Increase	1 Percent Decrease	1 Percent Increase	1 Percent Decrease
Discount rate	<b>(P2,455,423)</b>	<b>P2,715,696</b>	(P2,083,105)	P2,299,070
Salary increase rate	<b>2,716,778</b>	<b>(2,501,225)</b>	2,299,757	(2,121,818)

Maturity analysis of the expected future benefit payments as at December 31 is as follows:

	2025	2024
Within 1 year	<b>P26,130,976</b>	P22,203,126
Within 1 to 5 years	<b>19,526,683</b>	16,287,906
More than 5 years	<b>28,779,574</b>	31,747,085

## 16. Related Party Disclosures

The Company, in the normal course of business, purchases products and services from and sells services to related parties. Transactions with related parties are made at normal market prices and terms. Amounts owed by/owed to related parties are collectible and will be settled in cash. An assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

Below are the transactions with SMC and its subsidiaries, and the following minority stockholders and the outstanding balances as at and for the years ended December 31, 2025 and 2024:

- Coconut Industry Investment Fund Corporate Company
- Private Oil Mills

	Year	Purchases from Related Parties	Amounts Owed to Related Parties (Note 10)	Terms	Conditions
Parent Company	2025	<b>₱17,603,374</b>	<b>₱-</b>	On demand;	Unsecured;
	2024	15,699,072	145,621	non-interest bearing	no impairment
Entities under common control	2025	<b>10,648,535</b>	<b>1,884,391</b>	On demand;	Unsecured;
	2024	10,010,218	563,848	non-interest bearing	no impairment
	<b>2025</b>	<b>₱28,251,909</b>	<b>₱1,884,391</b>		
	2024	25,709,290	709,469		

Purchases from related parties include directors' fees and services fees payable to Parent Company.

Key management personnel (KMP) of the Company are those persons having authority and responsibility of planning, directing and controlling the activities of the Company, directly or indirectly, including managers, whether executive or otherwise.

The compensation of the KMP of the Company presented as part of "Salaries and employee benefits" account are as follows:

	2025	2024
Salaries and other short-term benefits	<b>₱16,563,796</b>	₱27,671,481
Retirement benefits	<b>2,871,623</b>	878,553
	<b>₱19,435,419</b>	₱28,550,034

## 17. Financial Risk Management Objectives and Policies

### Objectives and Policies

The Company has significant exposure to a variety of financial risk from its use of financial instruments. The Company's risk management involves the close cooperation of the Company's BOD in developing objectives, policies and processes on insurance, liquidity, credit and market risks and the Company's management of capital.

The Company's principal non trade-related financial instruments include cash and cash equivalents and security deposits. These financial instruments are used mainly for working capital management purposes. The Company's trade-related financial assets and liabilities such as receivables, premiums due to underwriters, accounts payable and accrued expenses (excluding payable to regulatory agencies) arise directly from and are used to facilitate operations.

### Governance

The primary objective of the Company's financial risk management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of the financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management system.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework. The Company's risk management is coordinated with SMC, in close operation with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

#### Financial Risk

The Company is exposed to financial risk through its financial assets and liabilities. The most important components of the financial risk are credit, liquidity and market risk.

#### *Credit Risk*

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is concentrated on its cash and cash equivalents (excluding cash on hand) and receivables. To manage this risk, these financial assets are placed and transacted with reputable entities with high quality external credit rating.

As at December 31, 2025 and 2024, financial information of the Company's maximum exposure to credit risk is as follows:

	<i>Note</i>	2025	2024
Cash and cash equivalents*	5	<b>₱240,968,792</b>	₱220,983,188
Receivables	6	<b>62,578,746</b>	49,324,872
Security deposits**	7	<b>18,900</b>	61,680
		<b>₱303,566,438</b>	₱270,369,740

\*Excluding cash on hand amounting to ₱60,000 in 2025 and 2024

\*\*Included under "Other current assets" account

The table below shows the credit quality of the Company's financial assets that are neither past due nor impaired based on their historical experience with the counter parties.

	2025			Total
	High Grade	Standard Grade	Substandard Grade	
Cash and cash equivalents*	<b>₱240,968,792</b>	<b>₱-</b>	<b>₱-</b>	<b>₱240,968,792</b>
Receivables	-	<b>62,578,746</b>	<b>146,130</b>	<b>62,724,876</b>
Security deposits**	-	<b>18,900</b>	-	<b>18,900</b>
	<b>₱240,968,792</b>	<b>₱62,597,646</b>	<b>₱146,130</b>	<b>₱303,712,568</b>

\*Excluding cash on hand amounting to ₱60,000

\*\*Included under "Other current assets" account

	2024			Total
	High Grade	Standard Grade	Substandard Grade	
Cash and cash equivalents*	₱220,983,188	₱–	₱–	₱220,983,188
Receivables	–	49,324,872	146,130	49,471,002
Security deposits**	–	61,680	–	61,680
	₱220,983,188	₱49,386,552	₱146,130	₱270,515,870

\*Note 5 excluding cash on hand amounting to ₱60,000

\*\*Included under “Other current assets” account

High grade financial assets pertain to those receivables from counter parties that consistently pay before the maturity date. Standard grade financial assets have acceptable probability of default from counterparties that have a strong capacity to meet contractual obligations in the near term. Substandard grade financial assets are collected on their due dates provided that the Company made a persistent effort to collect them are included under substandard grade receivables.

Financial assets at amortized cost, which are composed mostly of cash and cash equivalents (excluding cash on hand), receivables (excluding advances to officers and employees presented under “Others”) and security deposits presented under “Other current assets” are assessed for impairment based on a 12-month ECL.

#### *Liquidity Risk*

Liquidity risk pertains to the risk that the Company will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

To manage this risk, the Company closely monitors its cash flows and ensures that adequate funding is available to meet commitments as they arise without incurring unnecessary costs and at the least possible cost.

The table below summarizes the maturity profile of the Company’s financial assets and financial liabilities based on contractual cash flows used for liquidity management.

	2025			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
<b>Financial Assets</b>				
Cash and cash equivalents	₱241,028,792	₱241,028,792	₱241,028,792	₱–
Receivables	62,578,746	62,578,746	62,578,746	–
Security deposits	18,900	18,900	18,900	–
	303,626,438	303,626,438	303,626,438	–
<b>Financial Liabilities</b>				
Premiums due to underwriters	166,648,766	166,648,766	166,648,766	–
Accounts payable and accrued expenses*	51,429,507	51,429,507	51,429,507	–
	218,078,273	218,078,273	218,078,273	–
<b>Net Liquidity Surplus</b>	<b>₱85,548,165</b>	<b>₱85,548,165</b>	<b>₱85,548,165</b>	<b>₱–</b>

\*Excluding payable to regulatory agencies amounting to ₱5.32 million

	2024			
	Carrying Amount	Contractual Cash Flow	One Year or Less	More than One Year
<b>Financial Assets</b>				
Cash and cash equivalents	₱221,043,188	₱221,043,188	₱221,043,188	₱-
Receivables	49,324,872	49,324,872	49,324,872	-
Security deposits	61,680	61,680	61,680	-
	270,429,740	270,429,740	270,429,740	-
<b>Financial Liabilities</b>				
Premiums due to underwriters	150,503,470	150,503,470	150,503,470	-
Accounts payable and accrued expenses*	51,307,128	51,307,128	51,307,128	-
	201,810,598	201,810,598	201,810,598	-
<b>Net Liquidity Surplus</b>	<b>₱68,619,142</b>	<b>₱68,619,142</b>	<b>₱68,619,142</b>	<b>₱-</b>

\*Excluding payable to regulatory agencies amounting to ₱8.42 million

### Market Risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk) and market interest rates (interest rate risk).

Market risk is the risk to an institution's financial condition from volatility in the price movements of the assets contained in a portfolio. Market risk represents that the Company would lose from price volatilities. Market risk can be measured as the potential gain or loss in a position or portfolio that is associated with a price movement of a given probability over a specified time horizon.

The Company manages market risk by evenly distributing capital among investment instruments, sectors and geographical areas.

The Company structures levels of market risk it accepts through a sound market risk policy based on specific guidelines set by management. This policy constitutes certain limits on exposure of investments mostly with top-rated banks, which are selected on the basis of the bank's credit ratings, capitalization and quality servicing being rendered to the Company. Also, the said policy includes diversification benchmark of investment portfolio to different investment types duly approved by IC, asset allocation reporting and portfolio limit structure. Moreover, control of relevant market risks can be addressed through compliance reporting of market risk exposure to the IC, regular monitoring and review of the Company's investment performance and upcoming investment opportunities for pertinence and changing environment.

### Foreign Currency Risk

Foreign currency risk is the risk that the values of foreign currency-denominated financial assets in terms of the Company's functional currency will fluctuate and result to losses due to changes in foreign exchange rates. The Company is exposed mainly to foreign currency risk on cash and cash equivalents that are denominated in currencies other than in Philippine Peso.

The table below summarizes the Company's exposure to currency risk as at December 31:

	2025		2024	
	US Dollar	Peso Equivalent*	US Dollar	Peso Equivalent*
Cash in banks	\$49,474	₱2,908,597	\$53,894	₱3,117,470

\*Difference may arise due to rounding off

In translating foreign currency-denominated financial assets into Philippine Peso amounts, the exchange rate used was ₱58.79 and ₱57.85 to US \$1.00 as at December 31, 2025 and 2024, respectively, which is based on Philippine Dealing and Exchange Corporation.

The following table demonstrates the sensitivity to a reasonably possible change in US dollar exchange rate, with all the variables held constant of the Company's income before income tax.

	Change in US Dollar Exchange Rate	Increase (Decrease) on	
		Income Before Income Tax	Increase (Decrease) on Equity
2025	+1.62%	(₱46,506)	(₱36,367)
	-1.62%	46,506	36,367
2024	+4.47%	(₱791,780)	(₱673,013)
	-4.47%	791,780	673,013

The Company determined the reasonable possible change in foreign currency using one year volatility of the US Dollar and Philippine Peso as this will be the best represent of the movement in foreign exchange rate until the next reporting period.

#### *Interest Rate Risk*

The management of interest rate risk involves maintenance of appropriate blend of financial instruments with consideration of the maturity profile.

Exposures to interest rate risk on cash in banks and short-term investments are as follows:

	Interest Rate	Amount
2025	Low 2.50% - High 5.75%	₱240,968,792
2024	Low 2.50% - High 5.85%	₱220,983,188

All the interest-bearing financial instruments are due within one year.

#### Fair Value of Financial Instruments

As at December 31, 2025 and 2024, the carrying amounts of the Company's financial assets and financial liabilities such as cash and cash equivalents, receivables (excluding advances to officers and employees presented under "Others"), security deposits (included under "Other current assets" account), premiums due to underwriters and accounts payable and accrued expenses (excluding payable to regulatory agencies), approximate their fair values due to their short-term maturity.

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## 18. Capital Management

The Company maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to shareholders or issue new shares.

The Company defines capital as paid in capital stock and retained earnings. Equity reserves are excluded from capital for purposes of capital management.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operation and industry.

The Company monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total liabilities.

As at December 31, 2025 and 2024, the capital considered by the Company consists of:

	<b>2025</b>	2024
Common stock:		
Issued	<b>₱45,000,000</b>	₱45,000,000
Treasury stock - at cost	<b>(27,785,867)</b>	(27,785,867)
	<b>17,214,133</b>	17,214,133
Retained earnings	<b>142,908,365</b>	121,334,715
	<b>₱160,122,498</b>	₱138,548,848

The Company has complied with the capitalization and net worth requirement set by the IC based on the foregoing capital.

As at December 31, 2025 and 2024, the retained earnings exceeded the paid-in capital stock of the Company. The Company intends to use the excess retained earnings over paid-up capital for future dividend declarations. Accordingly, on March 13, 2026, cash dividends amounting to ₱10.0 million were declared to shareholders on record as at March 13, 2026 and will be paid on March 31, 2026.

In October 2024, the Company bought a total of 9,656,250 of its outstanding common shares, representing 21.47%, at a price of ₱2.87 per share. The Company paid ₱27.79 million to the stockholders who exercised the buy-back option over its outstanding common shares. The offer to buy-back was approved by the BOD on April 19, 2024.

On November 25, 2024, cash dividends amounting ₱20.00 million were declared to shareholders on record as of date of declaration. Dividends amounting to ₱20.00 million were paid on December 27, 2024.

As a result, the Company became 74.27% directly owned by the Parent Company as at December 31, 2024.

On March 14, 2025 and November 14, 2025, cash dividends amounting to ₱10.00 million and ₱15.00 million, respectively, were declared to shareholders on record as of date of declaration. Dividends amounting to ₱10.00 million and ₱15.00 million were paid on March 31, 2025 and December 31, 2025, respectively.

The Company is required to comply with the following IC regulations:

Capitalization and Net Worth Requirements for Insurance, Reinsurance and HMO Brokers

The Company is required to maintain a net worth of at least ₱35,000,000. The capitalization net worth requirements shall be without prejudice to the adoption of risk-based capital approach and other internationally accepted forms of capital framework. Net worth shall consist of paid-up capital, retained earnings, unimpaired surplus, and revaluation of assets as may be approved by the IC.

Required Bond for Insurance Brokers

Pursuant to IC CL No. 2018-52 dated October 19, 2018, as further clarified by IC CL No. 2023-02, *Amended Guidelines on Licensing Requirements of Brokers Engaged in HMO Business*, dated January 10, 2023, every applicant for insurance broker's license shall file with the IC and shall thereafter maintain in force while so licensed, a bond in favor of the people of the Republic of the Philippines executed by a company authorized to become surety upon official recognizances, stipulations, bonds and undertakings. The bonds shall be in amount as may be fixed by the Commissioner, but in no case less than One Million Pesos, ₱1,000,000, and shall be conditioned upon full accounting and due payment to the person entitled thereto of funds coming into the broker's possession through insurance transactions.

Pursuant to the IC Circular Letter (CL) No. 2021-65, Revised On-Site Examination/Off-Site Verification Rules and Procedures, dated November 5, 2021, the Company is required to comply with the following:

Segregation of Client's Money Account

Section 315 of the Amended Insurance Code requires every license insurance and/or reinsurance broker to ensure faithful performance of its fiduciary responsibilities on behalf of its clients and partner insurance and/or reinsurance companies. Thus, an insurance and/or reinsurance broker is required to keep client monies in a client account separate from its own monies. It is not allowed to use client monies for any purpose other than for the purposes of the client. As at December 31, 2025 and 2024, client monies amounting to ₱41.40 million and ₱51.98 million, respectively, handled by the Company are recorded in "Cash and cash equivalents."

Fiduciary Ratio Computation

An insurance and/or reinsurance broker with a credit agreement with an insurance/reinsurance company or broker shall comply with the Fiduciary Ratio Requirement set by the IC which is 1:1.

Fiduciary asset and liability accounts and fiduciary computation of the Company are as follows:

	2025	2024
<b>Fiduciary Assets</b>		
Cash restricted - Client's Money	<b>₱41,395,766</b>	₱51,981,152
Receivables from Insurance Companies Clients	<b>426,461,493</b>	246,042,478
	<b>467,857,259</b>	298,023,630
<b>Fiduciary Liabilities</b>		
Payables to Insurance Companies	<b>467,857,259</b>	298,023,630
<b>Fiduciary Ratio</b>	<b>1:1</b>	1:1

The fiduciary assets and liabilities represent funds and receivables administered by the Company in a fiduciary capacity on behalf of insurance companies and clients and are not fully recognized in the Company's statements of financial position, except for restricted cash representing client monies included under "Cash and cash equivalents."

The fiduciary ratio is computed as fiduciary assets divided by fiduciary liabilities.

Offsetting Arrangements

This requirement can be covered by disclosure requirements on offsetting financial assets and financial liabilities (Note 3).

As at December 31, 2025 and 2024, the Company has complied with the foregoing requirements.

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**19. Other Matter**

On April 21, 1986, the Company's assets and funds were sequestered by the Presidential Commission on Good Government (PCGG) and a PCGG controller was assigned. Under this arrangement, the Company continues to operate normally with the PCGG controller reviewing all of its disbursement and other specified transactions. Management believes that no adverse effect on the Company's operations will arise from the sequestration order which management expects to be lifted in due course after the PCGG shall have satisfied itself of the objective of the sequestration.

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**20. Supplementary Information Required under Revenue Regulations (RR) No. 15-2010**

The Bureau of Internal Revenue has issued RR No. 15-2010 which requires certain tax information to be disclosed in the notes to the financial statements. The Company presented the required supplementary tax information as a separate schedule attached to its annual income tax return.