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Sent: Tuesday, 26 May 2026 3:02 pm
To: Kenneth Enriquez
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Sent: Monday, May 25, 2026 8:15:32 PM
To: Marichu Hao <menchie_hao@afdr-insurancebrokers.com>
Cc: Marichu Hao <menchie_hao@afdr-insurancebrokers.com>
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Transaction Code: **AFS-0-85JBDC0BF8E9A8JP4QMNNRS0M4Y41XP2**
Submission Date/Time: **May 25, 2026 07:15 PM**
Company TIN: **000-122-399**

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COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

A	F	D	R		I	N	S	U	R	A	N	C	E		B	R	O	K	E	R	S		I	N	C	.			

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

1	5	T	H		F	L	O	O	R		C	H	A	T	H	A	M		H	O	U	S	E	,				
1	1	6		V	A	L	E	R	O		C	O	R	N	E	R												
V	.	A	.		R	U	F	I	N	O		S	T	.		M	A	K	A	T	I		C	I	T	Y		

Form Type

A	A	F	S
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Department requiring the report

S	E	C
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's email Address afdr@afdr-insurancebrokers.com	Company's Telephone Number 8662-3600	Mobile Number 09989626747
No. of Stockholders 12	Annual Meeting (Month/Day) 2nd Monday of April	Fiscal Year (Month/Day) December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation			
Name of Contact Person Marichu C. Hao	Email Address menchie_hao@afdr-insurancebrokers.com	Telephone Number/s 8662-3606	Mobile Number 09175652660

CONTACT PERSON'S ADDRESS

11 Emerald St., Cresdaville Subdivision, San Juan, Taytay, Rizal
--

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

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

AFDR Insurance Brokers Inc.

Financial Statements

December 31, 2025 and 2024

and

Independent Auditors' Report



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **AFDR Insurance Brokers Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRSs) 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.

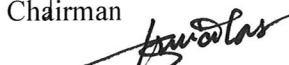
In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or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

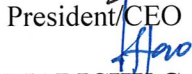
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Diaz Murillo Dalupan and Company and Sycip Gorres Velayo and Company, the independent auditors, appointed by the stockholders as at and for the years ended December 31, 2025 and 2024, respectively, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audits.


ANTONIO G. CUMAGUN
Chairman


MARIA ROWENA R. NICOLAS
President/CEO


MARICHU C. HAO
Treasurer

Signed this 20th day of May 2026

Independent Auditors' Report

To the Board of Directors and Stockholders of
AFDR INSURANCE BROKERS INC.
15th Floor, Chatham House,
116 Valero Corner V.A Rufino Street,
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AFDR Insurance Brokers Inc.** (the "Company"), which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Philippines 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) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 PFRSs 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.

Global Reach, Global Quality

Head Office : 7th Floor, Don Jacinto Building, De la Rosa corner Salcedo Sts., Legaspi Village, Makati City 1229 Philippines • Phone: +63(2) 894 5892 / 844 9421 / Fax: +63(2) 818 1872
Cebu Office : Unit 504 Cebu Holdings Building, Cebu Business Park, Mabolo, Cebu City 6000 Philippines • Phone: +63(32) 415 8108 - 10 / Fax: +63(32) 232 8029
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Palawan Office : 2F MRC Building, Pineda Road, Brgy. San Pedro, Puerto Princesa City, Palawan 5300 Philippines • Phone +63(48) 716 1580
Website : www.dmdcpa.com.ph

Other Matter

The financial statements of **AFDR Insurance Brokers Inc.** as at and for the year ended December 31, 2024 were audited by another auditor whose report thereon dated October 6, 2025 expressed an unqualified opinion on those financial statements.

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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 audit.

Report on Supplementary Information Required by Revenue Regulations No. 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 20 to the financial statements are 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 **AFDR Insurance Brokers Inc.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Diaz Murillo Dalupan and Company

Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until June 23, 2026

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022

and valid for five years covering the audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028



Ofelia S. Barroga

Partner

CPA Certificate No. 47189

SEC Accreditation No. 47189-SEC, Group A, issued on March 10, 2020

and valid for five years, has been extended to cover the audit of 2025 financial statements

Tax Identification No. 104-576-733

PTR No. 10771456, January 11, 2026, Makati City

BIR Accreditation No. 08-001911-001-2025, effective until March 11, 2028

May 20, 2026

Statement Required by Rule 68, Part I, Section 5
Securities Regulation Code (SRC)
As Revised on August 19, 2019

To the Board of Directors and Stockholders of
AFDR INSURANCE BROKERS INC.
15th Floor, Chatham House,
116 Valero Corner V.A Rufino Street,
Makati City

We have audited the accompanying financial statements of **AFDR Insurance Brokers Inc.** as at and for the year ended December 31, 2025, on which we have rendered the attached report dated May 20, 2026. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration, as additional component required by Rule 68, Part I, Section 5 of the Securities Regulation Code, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to auditing procedures applied in the audit of basic financial statements. In our opinion, the information has been prepared in accordance with Rule 68 of the Securities Regulation Code.

Diaz Murillo Dalupan and Company

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May 20, 2026

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Website : www.dmdcpa.com.ph

**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION**

For the reporting period ended December 31, 2025

AFDR INSURANCE BROKERS, INC.

15th Floor, Chatham House, 116 Valero Corner V.A Rufino Street, Makati City

Unappropriated Retained Earnings, beginning of reporting period	₱44,188,803
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings	—
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	5,000,000
Unappropriated Retained Earnings, as adjusted	39,188,803
Add/Less: Net income for the current year	84,742,935
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—
Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	—
Add: <u>Category C.3:</u> Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	—
Adjusted Net Income/Loss	123,931,738
Add: <u>Category D:</u> Non-actual losses recognized in profit or loss during the reporting period (net of tax)	—
Add/Less: <u>Category E:</u> Adjustments related to relief granted by the SEC and BSP	—
Add/Less: <u>Category F:</u> Other items that should be excluded from the determination of the amount of available for dividends distribution	(5,339,267)
Net movement in deferred tax asset and deferred tax liabilities	
Total Retained Earnings, end of the reporting period available for dividend	₱118,592,471

**Supplemental Written Statement to
Accompany Independent Auditors' Report**

To the Board of Directors and Stockholders of
AFDR INSURANCE BROKERS INC.
15th Floor, Chatham House,
116 Valero Corner V.A Rufino Street,
Makati City

We have audited the accompanying financial statements of **AFDR Insurance Brokers Inc.** as at December 31, 2025, on which we have rendered the attached report dated May 20, 2026.

In compliance with SRC Rule 68, the Company has four (4) stockholders owning one hundred (100) or more shares each.

Diaz Murillo Dalupan and Company

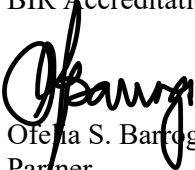
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BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028


Ofelia S. Barroga

Partner

CPA Certificate No. 47189

SEC Accreditation No. 47189-SEC, Group A, issued on March 10, 2020

and valid for five years, has been extended to cover the audit of 2025 financial statements

Tax Identification No. 104-576-733

PTR No. 10771456, January 11, 2026, Makati City

BIR Accreditation No. 08-001911-001-2025, effective until March 11, 2028

May 20, 2026

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Website : www.dmdcpa.com.ph

AFDR INSURANCE BROKERS INC.**Statement of Financial Position***(With comparative figures for 2024)*

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents - note 4	₱172,202,256	₱150,814,845
Trade and other receivables (net) - note 5	76,538,291	45,415,992
Prepayments and other current assets - note 6	79,751,132	107,740,709
	328,491,679	303,971,546
Noncurrent Assets		
Due from officers and employees, net of current portion - note 5	4,371,658	14,284,771
Property and equipment (net) - note 7	4,078,174	4,026,702
Right-of-use-assets (net) - note 8	5,325,509	8,852,132
Deferred tax assets (net) - note 16	1,422,576	6,761,843
	15,197,917	33,925,448
TOTAL ASSETS	₱343,689,596	₱337,896,994
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities - note 9	₱97,194,163	₱77,302,851
Due to insurance companies - note 18	52,341,480	85,443,921
Commissions payable - note 11	39,417,592	90,064,202
Contract liability - note 10	1,895,848	4,730,972
Lease liabilities - note 8	3,590,667	3,590,667
	194,439,750	261,132,613
Noncurrent Liabilities		
Retirement benefits obligation - note 12	2,176,617	6,525,944
Lease liabilities, net of current portion - note 8	2,849,268	6,164,848
Contract liability, net of current portion - note 10	1,717,086	3,366,827
	6,742,971	16,057,619
	201,182,721	277,190,232
Equity		
Capital stock - note 13	35,000,000	35,000,000
Treasury stock - note 13	(3,619,650)	(3,619,650)
Remeasurement loss on retirement benefits - note 12	(12,791,537)	(14,862,391)
Retained earnings	123,918,062	44,188,803
	142,506,875	60,706,762
TOTAL LIABILITIES AND EQUITY	₱343,689,596	₱337,896,994

(The accompanying notes are an integral part of these financial statements)

AFDR INSURANCE BROKERS INC.
Statement of Comprehensive Income
(With comparative figures for 2024)

	For the Years Ended December 31	
	2025	2024
COMMISSION INCOME	₱300,182,663	₱374,405,746
OPERATING EXPENSES - note 14	(205,514,578)	(304,588,665)
INCOME FROM OPERATIONS	94,668,085	69,817,081
OTHER INCOME - note 15	39,553,117	121,396
FINANCE COST - note 8	(910,611)	(1,306,106)
INCOME BEFORE INCOME TAX	133,310,591	68,632,371
INCOME TAX EXPENSE - note 16	(48,581,332)	(50,621,051)
NET INCOME	84,729,259	18,011,320
OTHER COMPREHENSIVE INCOME (LOSS) - note 12		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Remeasurement gain (loss) on defined benefit obligation	2,761,138	(2,729,117)
Tax benefit (expense)	(690,284)	682,279
	2,070,854	(2,046,838)
TOTAL COMPREHENSIVE INCOME	₱86,800,113	₱15,964,482

(The accompanying notes are an integral part of these financial statements)

AFDR INSURANCE BROKERS INC.**Statement of Changes in Equity***(With comparative figures for 2024)*

	Capital stock			Remeasurement		
	Class A	Class B	Treasury	loss on	Retained	
	- note 13	- note 13	stock	retirement	earnings	Total
			(Class B)	benefits		
			- note 13	- note 12		
Balance as at January 1, 2024	₱24,500,000	₱10,500,000	(₱3,619,650)	(₱12,815,553)	₱26,177,483	₱44,742,280
Total comprehensive income (loss) for the year						
Net income for the year	—	—	—	—	18,011,320	18,011,320
Other comprehensive loss for the year	—	—	—	(2,046,838)	—	(2,046,838)
Balance as at December 31, 2024	24,500,000	10,500,000	(3,619,650)	(14,862,391)	44,188,803	60,706,762
Transaction with owners:						
Cash dividends	—	—	—	—	(5,000,000)	(5,000,000)
Total comprehensive income for the year						
Net income for the year	—	—	—	—	84,729,259	84,729,259
Other comprehensive income for the year	—	—	—	2,070,854	—	2,070,854
Balance as at December 31, 2025	₱24,500,000	₱10,500,000	(₱3,619,650)	(₱12,791,537)	₱123,918,062	₱142,506,875

(The accompanying notes are an integral part of these financial statements)

AFDR INSURANCE BROKERS INC.**Statement of Cash Flows***(With comparative figures for 2024)*

	For the Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱133,310,591	₱68,632,371
Adjustments for:		
Provision for probable losses and disallowances - notes 5, 6, and	32,921,830	115,782,629
Depreciation and amortization - notes 7 and 8	7,671,839	11,733,825
Provision for retirement benefits - note 12	4,411,811	3,191,552
Interest expense on lease liabilities - note 8	910,611	1,306,106
Unrealized foreign exchange gain - note 4	(156,205)	—
Interest income - notes 4 and 5	(176,913)	(121,396)
Reversal of provision for ECL - note 5	(39,219,999)	—
Operating income before working capital changes	139,673,565	200,525,087
Decrease (increase) in:		
Trade and other receivables	18,010,813	(8,024,184)
Prepayments and other current assets	(48,864,602)	(52,498,006)
Increase (decrease) in:		
Accounts payable and other liabilities	19,891,312	(7,151,069)
Due to insurance companies	(33,102,441)	(6,074,024)
Commissions payable	(50,646,610)	(86,384,469)
Contract liability	(4,484,865)	(129,844)
Cash generated from operations	40,477,172	40,263,491
Interest received	176,913	121,396
Contributions to the retirement plan - note 12	(6,000,000)	(6,000,000)
Net cash provided by operating activities	34,654,085	34,384,887
CASH FLOW FROM AN INVESTING ACTIVITY		
Acquisition of property and equipment - note 7	(1,678,504)	(988,506)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payment - note 13	(5,000,000)	—
Payment of principal portion of lease liabilities - note 8	(5,833,764)	(5,117,111)
Finance cost paid - note 8	(910,611)	(1,306,106)
Net cash used in financing activities	(11,744,375)	(6,423,217)
EFFECT OF EXCHANGE RATE CHANGES ON CASH		
AND CASH EQUIVALENTS	156,205	—
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,387,411	26,973,164
CASH AND CASH EQUIVALENTS		
At beginning of year	150,814,845	123,841,681
At end of year	₱172,202,256	₱150,814,845

(The accompanying notes are an integral part of these financial statements)

AFDR INSURANCE BROKERS INC.

Notes to Financial Statements

As at and for the year ended December 31, 2025

(With comparative figures for 2024)

1. CORPORATE INFORMATION

AFDR Insurance Brokers Inc. (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 19, 1965, to act as broker for all its clients, soliciting and receiving applications for life and non-life insurance, collecting premiums on behalf of insurance companies, and doing activities as may be delegated to broker by such client.

The Company’s principal office is located at 15th Floor, Chatham House, 116 Valero corner V.A. Rufino Streets, Salcedo Village, Makati City.

The Company is a holder of secondary licenses from the Insurance Commission (IC), authorizing the Company to act as an Insurance Broker with License No. IB-38-2025-R, valid for the period from January 1, 2025 to December 31, 2027, and as a Health and Maintenance (HMO) Broker with License No. HMOB-27-2025-O, valid for the period from September 15, 2025 to December 31, 2027.

The financial statements as at and for the year ended December 31, 2025, including its comparatives as at and for the year ended December 31, 2024, were approved and authorized for issue by the Company’s Board of Directors (BOD) on May 20, 2026.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies that have been used in the preparation of these financial statements are summarized in this note. The policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. The term PFRS in general includes all applicable PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

Basis of Preparation

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique.

The financial statements are presented in Philippine peso (₱), the Company’s functional currency. All values are rounded to the nearest peso except when otherwise indicated.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial years, except for the following amended PFRS that are mandatorily effective for annual periods beginning on or after January 1, 2025.

The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability (Amendments to PAS 21). The amendment specifies that a currency is exchangeable when an entity can exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at measurement date and for a specified purpose while a currency is not exchangeable into other currency if an entity can only obtain an insignificant amount of the other currency. When a currency is not exchangeable, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions. The amendment requires the disclosure of additional information when a currency is not exchangeable.

The amendment is effective for annual periods beginning on or after January 1, 2025, with earlier application permitted. The amendment does not have a material impact on the Company's financial statements.

New Accounting Standards and Amendments to Existing Standards Effective Subsequent to January 1, 2025

Standards issued but not yet effective up to the date of the Company's financial statements are listed below. This list of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

PFRS 18, Presentation and Disclosure in Financial Statements. This standard supersedes *PAS 1, Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income, and expenses. The standard requires an entity to clearly identify the financial statements, which must be distinguished from other information in the same published document, as well as each primary financial statements and the notes to the financial statements. In addition, the following information must be displayed prominently, and repeated as necessary:

- the name of the reporting entity and any change in the name
- whether the financial statements are a group of entities or an individual entity
- information about the reporting period
- the presentation currency (as defined by *PAS 21, The Effects of Changes in Foreign Exchange Rates*)
- the level of rounding used (e.g., thousands, millions).

Retrospective application of the standard is mandatory for annual reporting periods starting from January 1, 2027 onwards but earlier application is permitted.

PFRS 18 supersedes PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements with movements on certain paragraphs into PAS 8 and PFRS 7. Furthermore, there were also minor amendments to PAS 7 and PAS 33 earnings per share. The new standard introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements.
- improve aggregation and disaggregation.

The amendment is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised PAS 8 and PFRS 7, become effective when an entity applies PFRS 18. The Company is in the process of assessing the impact of the new standard.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7). The amendments address matters identified during the post-implementation review of the classification and measurement requirements of *PFRS 9, Financial Instruments*.

The amendments include:

- a) derecognition of financial liability settled through electronic transfer - The amendments to the application guidance of PFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- b) classification of financial assets - The amendments provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement, enhance description of the term 'non-recourse' and clarify the characteristics of contractually linked instruments that distinguish them from other transactions.
- c) disclosures - The requirements in PFRS 7 are amended for disclosures that an entity provides in respect of investments in equity instruments designated at fair value through other comprehensive income. The amendments also require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

The amendments are effective for reporting periods beginning on or after January 1, 2026, with earlier application permitted. The amendments will not have a material impact on the financial statements of the Company.

The amendments also include amendments to *PFRS 19, Subsidiaries without Public Accountability: Disclosures*, which limit the disclosure requirements for qualifying subsidiaries, effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted.

Insurance Contracts (PFRS 17). The new standard will eventually replace PFRS 4, *Insurance Contracts*, that will set out the principles for the recognition, measurement, presentation and disclosure of insurance contracts within its scope. The new standard is effective for annual periods beginning on or after January 1, 2027.

This new standard requires a current measurement model where estimates are remeasured in each reporting period. Moreover, contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment; and,
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognized as revenue over the coverage period.

PFRS 17 further allows a choice between recognizing changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for financial assets under PFRS 9.

In addition, the standard provides an optional, simplified premium allocation approach for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. The standard does not have a material impact on the financial statements of the Company.

The Company has not early adopted the previously mentioned new, amended, and improved accounting standards and interpretations. The Company continues to assess the impact of the above new, amended, and improved accounting standards and interpretations that are effective subsequent to January 1, 2025, on its financial statements in the period of initial application.

Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

Material Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

Determination of Fair Value and Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

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

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

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

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

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

The Company determines the policies and procedures for both recurring fair value measurement and non-recurring measurement.

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

Fair value measurement disclosures of financial and non-financial assets are presented in Note 19 to the financial statements.

“Day 1” Difference

When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the statements of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statements of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference amount.

Financial Instruments

Initial Recognition, Measurement, and Classification

The Company recognizes financial assets and financial liabilities in the statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

With the exception of trade receivables that do not contain a significant financing component, financial assets and financial liabilities are recognized initially at fair value, including transaction costs, except for those financial assets and liabilities at fair value through profit or loss (FVPL) where the transaction costs are charged to expense in the period incurred. Trade receivables that do not contain a significant financing component are recognized initially at their transaction price.

The Company classifies its financial assets as subsequently measured at amortized cost, and fair value through other comprehensive income (FVOCI) and FVPL. The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing the financial assets. The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company classifies its financial liabilities as subsequently measured at amortized cost using the effective interest method or at FVPL.

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

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost when both of the following conditions are met:

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

After initial measurement, financial assets at amortized cost are subsequently measured using the effective interest method less allowance for impairment. Gains and losses are recognized in the statements of comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within 12 months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, included under financial assets at amortized cost are the Company's cash in banks and cash equivalents and trade and other receivables (see Notes 4 and 5).

Cash in banks is unrestricted for withdrawal and available for use in the Company's operations. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value with original maturities of three months or less.

Trade and other receivables consist of commissions receivable, receivables from insurance companies' clients, and current portion of due from officers and employees.

Commissions receivable pertain to commissions or brokerage fees earned from premiums directly paid by the policyholders/clients to the insurance companies, but are not yet received from the insurance companies.

Due from officers and employees are unsecured cash advances and loans to officers and employees.

In its capacity as an insurance broker, the Company collects insurance premiums from policyholders and, after deducting its commissions, remits the insurance premiums to various insurance companies. Policyholders may also remit insurance premiums directly to insurance companies, wherein the latter receives the premium and handles the commission portion, which is payable to the broker. The commission portion collected by the insurance companies is considered as earned commission of the Company and is collectible at a future date.

Receivable from insurance companies' clients represents premiums receivable from policyholders/clients for payment of insurance premiums to the insurance companies. Premiums are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for estimated credit losses (ECL). These represent fiduciary balances and do not constitute income of the Company. These receivables are collectible in cash generally within 90 days.

The Company applies the statutory guideline in evaluating the impairment of receivables from insurance companies' clients, wherein premiums that remain unpaid beyond a limit set by the IC are impaired. However, in recognizing impairment in the financial statements, the Company considers also several factors such as indications that the contracted parties or a group of contracted parties are experiencing significant financial difficulty, unusual default or delinquency of payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Liabilities at Amortized Cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

As at December 31, 2025 and 2024, included in financial liabilities at amortized cost are the Company's accounts payable and other liabilities (except payable to government agencies and provision for contingency expenses), due to insurance companies, commissions payable, and lease liabilities (see Notes 8, 9, 11, and 18).

Accounts payable and other liabilities include accounts payable, accrued expenses, claims payable, and provision for contingency expenses.

Accounts payable pertain to unidentified deposits that are not yet matched with the policies, and excess collections from policyholders, that have not yet been identified or matched as of reporting date.

Claims payable to policyholders pertain to claims collected from insurance companies but are not yet remitted to policyholders.

Due to insurance companies pertains to insurance premiums collected by the Company from policyholders but are not yet remitted to insurance companies. These represent fiduciary balances and are remitted to the insurance companies generally within 90 days.

Commissions payable represent the share of servicing officers in the commission income.

Provision for contingency expenses pertains to provisions established by the Company for regulatory matters, where a potential cash outflow is probable, and reliable estimate can be made on the amount of outflow. These provisions represent the best estimate of the financial effect of these matters.

Offsetting of Financial Assets and Liabilities

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

Impairment of Financial Assets

The Company recognizes an allowance for ECLs for all debt instruments that are measured at amortized cost. ECLs are a probability-weighted estimate of credit losses over the expected life of the financial asset.

Credit losses are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition.

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECLs. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECLs. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, a 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting period.

For commissions receivable and receivables from insurance companies' clients, the Company applies a simplified approach in calculating ECLs, which recognizes a loss allowance based on lifetime ECLs. For due from officers and employees, the Company applies a general approach, which recognizes a loss allowance based on lifetime ECLs unless there has been a significant increase in credit risk since the origination of the financial asset. The ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including the time value of money where appropriate.

The Company recognizes credit loss (reversals) in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Significant Increase in Credit Risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks, and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition, or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

Definition of Default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired Financial Assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off Policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are assessed to be uncollectible.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in the statement of comprehensive income.

Derecognition of Financial Assets and 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 derecognized when:

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

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

Financial Liabilities

A financial liability is derecognized when the obligation under the liability was discharged, canceled, or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Prepayments and Other Current Assets

Prepayments and other current assets of the Company comprise prepaid expenses and creditable withholding tax.

Prepaid expenses are paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in the statements of comprehensive income when incurred.

Creditable withholding taxes are stated at cost less any impairment in value. Creditable withholding tax is deducted from income tax payable in the same year the revenue is recognized.

At each reporting date, the Company assesses its prepayments and other current assets for impairment. If impaired, it is reduced to its carrying amount through a loss allowance account, and the impairment loss is recognized immediately in statements of comprehensive income.

Prepayments and other current assets are derecognized when the Company expects no future benefit from them. Any gain or loss on derecognition of prepayment and other assets is recognized in the statements of comprehensive income in the year in which it arises.

Property and Equipment

Property and equipment are tangible assets that are held for use in supply of services or for administrative purposes and are expected to be used during more than one period.

Property and equipment are initially measured at cost. The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location of its intended use and the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Property and equipment are subsequently measured at cost less accumulated depreciation and any impairment in value. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against operations in the period in which the costs are incurred. Expenditures for additions, major improvements, and renewals are capitalized.

Depreciation of property and equipment commences once the property and equipment are available for use and is computed using the straight-line basis over the estimated useful lives of property and equipment as follows:

	In years
Furnitures and fixtures	10
Transportation equipment	5
Office equipment	4
Leasehold improvements	10 or term of the lease, whichever is shorter

The useful lives and depreciation method are reviewed annually to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Property and equipment are also reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. When impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

An item of property and equipment is derecognized upon disposal or when no more future economic benefits are expected to arise from the continued use of the asset. When assets are sold or retired, their costs, their accumulated depreciation, and accumulated impairment losses are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other operating income or expenses in the statements of comprehensive income.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use, and no further depreciation is charged against current operations.

Impairment of Nonfinancial Assets

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

Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date. If the estimated recoverable amount of the asset exceeds its carrying amount, the carrying amount is increased to the recoverable amount. The reversal of an impairment loss shall not increase the carrying amount of the asset above the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Contract Liability

Contract liability includes unamortized/unearned portion of the income from claims handling services. Claims handling service fees are recognized over the contract period.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are benefits that are due within 12 months after the end of the period in which the employee rendered the related service. Short-term benefits given by the Company to its employees include salaries, 13th month pay, Social Security System (SSS), Philippine Health Insurance Corporation (PhilHealth), and Home Development Mutual Fund (HDMF) contributions. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits Obligation

The Company has a funded, non-contributory defined benefit plan that defines an amount of retirement benefit based on one or more factors such as age, years of service, and compensation. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan asset, if any.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Defined benefit cost comprises the service cost, net interest on the defined benefit liability or asset, and the remeasurement of net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as an expense or income in profit or loss.

Remeasurement comprising actuarial gains and losses and return on plan asset (excluding net interest on defined benefit liability) is recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of the plan assets is estimated by discounting the expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligation).

Leases

The Company determines at contract inception whether a contract is, or contains, a lease by assessing whether a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as Lessee

Long-term Leases

For all leases with terms of more than 12 months, the Company recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments, unless the underlying asset is of low value.

Right-of-use (ROU) Assets

At the commencement date of the lease (which is when the underlying asset is available for use), the Company recognizes the ROU assets. The ROU assets are initially measured at costs, which consist of the amount of the lease liability plus any initial direct costs incurred and payments made at or prior to the commencement date, less lease incentives received and estimated costs to be incurred by the lessee for restoration or dismantling of the underlying asset to be suitable to the condition required by the terms and conditions of the lease.

Subsequent to the commencement date, the ROU assets shall be measured at cost less accumulated amortization and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The ROU assets are depreciated on a straight-line basis over the lease term and are presented as a separate line item in the statements of financial position.

Lease Liabilities

At the commencement date of the lease (which is when the underlying asset is available for use), the Company recognizes lease liabilities measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Company shall use an incremental borrowing rate.

Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss in the period in which the event or condition that triggers payment occurs, unless the costs are included in the carrying amount of another asset under another Standard.

Lease liabilities are subsequently measured to reflect changes in the lease term, exercising of a purchase option (using a revised discount rate), amounts expected to be paid under residual value guarantees (using unchanged discount rate), or future lease payments resulting from a change or a rate used to determine those payments (using an unchanged discount rate). Such remeasurements are treated as adjustments to the right-of-use asset.

Extension and Termination Options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended. The lease term is reassessed if an option is actually exercised or not, or whether the Company becomes obliged to exercise or not. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Short-term Leases and Leases of Low-value Assets

The Company applies the short-term lease recognition exemption to its short-term leases of printed and photocopy machines (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Related Parties and Related Party Transactions

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

Related party relationship exists when: (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; and (b) when any of the following conditions apply: (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party; (v) the entity is a post-employment benefit plan for the benefit of employees of the reporting entity; (vi) the entity is controlled or jointly controlled by a person as identified in (a) above; (vii) the entity or any member of a group of which it is part, provides key management personnel services to the reporting entity or to the parent of the reporting entity; (viii) a person identified in (a) above has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

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

Income Taxes

Tax is recognized in the statements of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws, in the period the temporary difference is expected to be recovered or settled, that have been enacted or substantively enacted as at reporting period.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting date, the Company reassesses the need to recognize previously unrecognized deferred income tax assets.

Deferred income tax assets are recognized for all deductible temporary differences, carrying forward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, carrying forward benefits of unused tax credits from excess of MCIT over RCIT and unused NOLCO can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are measured (initial and subsequent) at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Capital stock represents the par value of shares that have been issued at the end of the reporting period.

Treasury stock represents the Company's reacquired common shares that are recorded at cost and are deducted from equity. No gain or loss is recognized in the statements of comprehensive income on the purchase, sale, issue, or cancellation of the Company's common shares.

Retained earnings includes all current and prior results as disclosed in the statements of comprehensive income.

Revenue Recognition

Revenue from contracts is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company has generally concluded that it is acting as an agent in its revenue arrangements because it does not control the specified goods or services before these are transferred to the customer. Therefore, the Company's revenue is the net amount of consideration that the Company retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

The Company recognizes revenue from the following sources:

Commission income

The Company recognizes commission income at a point in time upon collection of premiums from policyholders. The placement of an insurance policy, collection of premiums from policyholders, and remittance of these collections to insurance companies are considered as a single distinct performance obligation. For the Company, commission income is recognized at the point in time when the Company has satisfied its performance obligation, that is upon collection of premiums from policyholders. The obligation to remit is considered insignificant in relation to the other components of the performance obligation because the timing of remittance to insurance companies rests on the discretion of the Company. Premiums collected are remittable to the insurer within the credit term of 90 days upon receipt of the insurance policy.

Consequently, a portion of the consideration received from commissions is allocated to the claims handling services of the Company, and the related revenue is recognized over time and amortized over the contract period as the Company performs the services. Any unamortized/unearned portion of the income from claims handling services as of reporting date is presented as "Contract liability" in the statements of financial position.

Interest income is recognized on a time proportion basis using the effective interest method.

Other income is recognized when earned.

Expense Recognition

Expenses are recognized in the statements of comprehensive income when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Operating expenses constitute costs of administering the business and are expensed as incurred. Operating expenses include commission expense, which is recognized upon the invoicing of the policy from the insurance company. These include commissions paid as referrals to individuals for referring life and non-life policies. Rates applied on collected premiums vary depending on the type of product.

Finance costs are reported on an accrual basis.

Foreign Currency Transactions

Functional and Presentation Currency

Foreign currency-denominated transactions are recorded in Philippine peso by applying to the foreign currency amount the exchange rate between the Philippine peso and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate at the reporting date. Exchange rate differences arising from the restatement and settlement of monetary items at rates different from those at which they were initially recorded during the period are charged to current operations in the period in which the differences arise. Nonmonetary items denominated in foreign currency are measured in terms of historical cost and translated using the exchange rate as at the date of the initial transaction.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made with the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, an increase in the provision due to the passage of time is recognized as an interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the statements of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Events after the Reporting Period

The Company identifies post year-end events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Post year-end events that provide additional information about the Company's position at the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in compliance with PFRS Accounting Standards requires Management to make estimates and assumptions that affect the amounts reported in the financial statements. The estimates and assumptions used in the financial statements are based upon Management's evaluation of relevant facts and circumstances at the end of the reporting period. Actual results could differ materially from such estimates.

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

Material Accounting Judgments in Applying the Company's Accounting Policies

(a) Identifying Performance Obligations

The Company's Management exercised judgment in identifying performance obligations in revenue contracts with its customers and determined the effect on its revenue recognition. The Company provides brokerage services that are either rendered separately or bundled together with claims handling services. Brokerage services consist of a promise to place or sell an insurance policy, collect premiums from policyholders, and remit the amounts collected to insurance companies. Claims handling services are a promise to transfer services in the future over the claims period and are part of the negotiated exchange between the Company and the insurance companies.

The Company determined that the brokerage services, the promise to place or sell an insurance policy, collect premiums from policyholders, and remit the amounts collected to insurance companies are considered as a single distinct performance obligation as these represent a combined output and the Company would not be able to satisfy its performance obligation by transferring each of the services independently. For claims handling services, the Company determined that it is a separate and distinct performance obligation because the services are distinct within the context of the contract and are performed beyond the placement of insurance policies, collection, and remittance of premiums.

Claims handling services qualify as a series of distinct performance obligations that are substantially the same and that have the same pattern of transfer to insurance companies. For some of the Company's contracts, the transaction price for claims handling service fees is embedded in the amount of the commission that will be received by the Company. Consequently, the Company allocated a portion of the transaction price to the claims handling services based on relative stand-alone selling prices.

(b) Principal versus agent considerations

The Company enters into contracts with insurance companies to arrange for the provision of the specified services (i.e., place or sell insurance policies, collect premiums from policyholders, and remit the amount collected to insurance companies). The Company determined that it does not control the specified services (i.e., insurance policies) provided by the insurance companies before these are transferred to the customer (i.e., policyholder).

The following factors indicate that the Company does not control the services before they are being transferred to the customer. Therefore, the Company determined that it is acting as an agent in these contracts:

- The Company is not primarily responsible for fulfilling the promise to provide the insurance coverage to policyholders.
- The Company has no discretion in establishing the price for the insurance policies.
- The Company's consideration in the contracts with insurance companies is only the commission amount based on the specified percentage of premiums collected from the policyholders.

In addition, the Company concluded that it transfers control over its services at a point in time, upon collection of premiums from the policyholders, because this is when the insurance companies benefit from the Company's brokerage services.

(c) Determining method to estimate variable consideration and assessing the constraint

The Company needs to estimate the amount of variable consideration to which it will be entitled. The method to be used in estimating variable consideration and assessing the constraint should be applied consistently throughout the contract. Management should use the method that it expects will best predict the amount of consideration to which the entity will be entitled based on the terms of each contract. Management's estimate of variable consideration will need to be reassessed at each reporting date based on changes in facts and circumstances.

As at December 31, 2025 and 2024, the Management has assessed that no constraint is required on the variable consideration included in the transaction price.

Material Accounting Estimates and Assumptions

(a) Assessment of ECL on Trade and Other Receivables

The Company applies the simplified approach in measuring ECLs, which uses a lifetime expected loss allowance for trade and other receivables and also incorporates supportable forward-looking information in accordance with PFRS 9 by considering the effect of inflation or economic growth forecast.

The Company uses a provision matrix based on historical rates for trade and other receivables. The provision matrix specifies provision rates depending on the number of days that a receivable is past due. The Company adjusts the historical credit loss experience with forward-looking information specific to the debtors and the economic environment. The Company regularly reviews the assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The Company has not provided allowance for ECLs in 2025 and 2024 on its due from officers and employees as Management believes that these are fully collectible.

Allowance for ECLs on trade and other receivables amounted to ₱5,900,665 and ₱45,120,664 as at December 31, 2025 and 2024, respectively. The carrying amount of the Company's trade and other receivables, including the noncurrent due from officers and employees, amounted to ₱80,909,949 and ₱59,700,763 as at December 31, 2025 and 2024, respectively (see Note 5).

(b) Estimating the Incremental Borrowing Rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liability. This is the rate of interest that the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the ROU assets in a similar economic environment.

The Company entered into various long-term lease agreements and the weighted average incremental borrowing rates for the lease liabilities recognized by the Company are based on PHP Bloomberg Valuation Service (BVAL) rates, at the start of lease.

(c) Valuation of Retirement Benefits Obligation

The determination of the Company's retirement benefits obligation is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and rates of compensation increase. Actual results that differ from the assumptions are charged to other comprehensive income and therefore, generally affect the equity and recorded obligation. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligations.

The retirement benefits obligation amounted to ₱2,176,617 and ₱6,525,944 as at December 31, 2025 and 2024, respectively (see Note 12).

(d) Realizability of Deferred Tax Assets

The Company reviews its deferred tax assets at each reporting date 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 deferred tax assets amounted to ₱1,422,576 and ₱6,761,843 as at December 31, 2025 and 2024, respectively (see Note 16).

The Company will further assess the realizability of the deferred tax assets in 2026 and adjust the carrying amount accordingly.

4. CASH AND CASH EQUIVALENTS

This account consists of:

	2025	2024
Cash on hand	₱23,000	₱23,000
Cash in banks – local currency	140,172,106	116,678,414
Cash in banks – foreign currency	31,461,932	33,577,088
Cash equivalents	545,218	536,343
	₱172,202,256	₱150,814,845

Cash on hand pertains to the amount of cash readily available to be used for reimbursement of minor or incidental expenses by the Company.

Cash in banks earn interest at the respective bank deposit rates.

Cash equivalents represent time deposits that earn interest at the respective short-term deposit rates. Maturity period of time deposits ranges from one day to three months depending on the immediate cash requirements of the Company.

Interest earned from cash and cash equivalents, net of final tax, amounted to ₱157,613 and ₱93,396 in 2025 and 2024, respectively. Interest income is presented under “Other income” in the statements of comprehensive income (see Note 15).

Net foreign exchange gain on foreign currency-denominated bank deposits amounted to ₱156,205 as at December 31, 2025 (see Note 15).

There is no restriction on cash and cash equivalents, and these are available for general use.

5. TRADE AND OTHER RECEIVABLES (NET)

This account consists of:

	2025	2024
<i>Current portion</i>		
Receivable from insurance companies’ clients	₱47,887,071	₱45,393,001
Due from officers and employees		
Officers – note 11	18,534,040	1,500,671
Employees	675,912	4,375,689
Commissions receivable	15,341,933	39,267,295
	82,438,956	90,536,656
Allowance for ECLs	(5,900,665)	(45,120,664)
	₱76,538,291	₱45,415,992
<i>Noncurrent portion</i>		
Due from officers and employees		
Officers – note 11	3,769,350	10,200,018
Employees	602,308	4,084,753
	₱4,371,658	₱14,284,771

Receivable from insurance companies' clients represents premiums receivable from policyholders/clients for payment of insurance premiums to the insurance companies. This also includes receivables from insurance companies due to the Company's over-remittance of premiums.

Amounts due from officers and employees include interest-bearing loans pertaining to car plan and salary loans, granted to the Company's officers and employees. In 2025 and 2024, interest rates ranged from 4.00% to 6.00%, respectively, payable in four to five years. Interest income earned from receivables from officers and employees amounted to ₱19,300 and ₱28,000 in 2025 and 2024, respectively. Interest income is presented under "Other income" in the statements of comprehensive income (see Note 15).

Commissions receivable pertain to commissions or brokerage fees earned but not yet received from the insurance companies, as a result of insurance brokering transactions. As at December 31, 2025 and 2024, all commissions receivable came from direct premium payments of the policyholders to the insurance companies.

Allowance for ECLs relates to the following:

	2025	2024
Receivable from insurance companies' clients	₱4,874,904	₱38,232,478
Commissions receivable	1,025,761	6,888,186
	₱5,900,665	₱45,120,664

The Company has not provided allowance for ECLs in 2025 and 2024 on its due from officers and employees as Management believes that these are fully collectible.

The details and movements in the allowance for ECLs are as follows:

	2025	2024
Balance at beginning of year	₱45,120,664	₱3,326,042
Provision during the year – note 14	–	41,794,622
Reversal of ECL in previous years – note 15	(39,219,999)	–
Balance at end of year	₱5,900,665	₱45,120,664

The Company applies the simplified approach in measuring ECLs, which uses a lifetime expected loss allowance for all trade receivables and also incorporates supportable forward-looking information in accordance with PFRS 9 by considering the effect of inflation or economic growth forecast.

In 2025, the Company reversed ECL of ₱39,219,999 since Management assessed that there are fewer overdue accounts and exposure of default became lower.

The Company's trade and other receivables are not held as collateral for its liabilities and are free from any liens and encumbrances.

6. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2025	2024
Creditable withholding tax (net)	₱76,892,358	₱104,548,600
Prepayments	2,858,774	3,192,109
	₱79,751,132	₱107,740,709

Creditable withholding tax (net) consists of:

	2025	2024
Creditable withholding tax	₱328,391,396	₱323,125,808
Allowance for impairment loss	–	(218,577,208)
Write-off	(251,499,038)	–
	₱76,892,358	₱104,548,600

The movements in the allowance for impairment loss on creditable withholding tax are as follow:

	2025	2024
Balance at beginning of year	₱218,577,208	₱154,689,498
Provision during the year – note 14	32,921,830	63,887,710
Write-offs	(251,499,038)	–
Balance at end of year	₱–	₱218,577,208

In 2025, the Company has written off creditable withholding taxes that cannot be recovered.

7. PROPERTY AND EQUIPMENT (NET)

The reconciliation of this account is as follows:

December 31, 2025

	Furniture and fixtures	Transportation equipment	Office equipment	Leasehold improvements	Total
Cost					
Balance at beginning of year	₱3,197,579	₱132,947	₱14,734,454	₱3,787,700	₱21,852,680
Additions	–	–	1,458,504	220,000	1,678,504
Balance at end of year	3,197,579	132,947	16,192,958	4,007,700	23,531,184
Accumulated depreciation					
Balance at beginning of year	3,060,200	87,040	11,754,100	2,924,638	17,825,978
Depreciation – note 14	48,924	26,589	1,395,556	155,963	1,627,032
Balance at end of year	3,109,124	113,629	13,149,656	3,080,601	19,453,010
Carrying amount, December 31, 2025	₱88,455	₱19,318	₱3,043,302	₱927,099	₱4,078,174

December 31, 2024

	Furniture and fixtures	Transportation equipment	Office equipment	Leasehold improvements	Total
<u>Cost</u>					
Balance at beginning of year	₱3,197,579	₱15,235,519	₱18,670,466	₱4,279,107	₱41,382,671
Additions	–	–	988,506	–	988,506
Retirement	–	(15,102,572)	(4,924,518)	(491,407)	(20,518,497)
Balance at end of year	3,197,579	132,947	14,734,454	3,787,700	21,852,680
<u>Accumulated depreciation</u>					
Balance at beginning of year	3,008,453	10,453,089	15,604,766	3,268,385	32,334,693
Depreciation – note 14	51,747	4,736,523	1,073,852	147,660	6,009,782
Retirement	–	(15,102,572)	(4,924,518)	(491,407)	(20,518,497)
Balance at end of year	3,060,200	87,040	11,754,100	2,924,638	17,825,978
Carrying amount, December 31, 2024	₱137,379	₱45,907	₱2,980,354	₱863,062	₱4,026,702

The cost of the Company's fully depreciated property and equipment that are still in use amounted to ₱15,223,958 and ₱13,991,793 as at December 31, 2025 and 2024, respectively.

The Company's property and equipment are not held as collateral for its liabilities and are free from any liens and encumbrances.

8. LEASES

The Company entered into two contracts with a lessor to lease office and parking spaces and pay rentals on a monthly basis. The lease contracts are for periods ranging from two to three years from the dates of contracts and are renewable under certain terms and conditions. The two lease contracts with expiry in February 2025 was renewed and will expire in February 2027 for Unit A of the office space, and in September 2026 for Units B, C, and D of the office space and nine parking spaces. The terms and conditions of the original lease contract remain in effect, except for the increase in the rate of monthly rental.

ROU assets (net)

The reconciliation at December 31 is as follows:

	2025	2024
<u>Cost</u>		
Balance at beginning of year	₱16,745,306	₱16,745,306
Additions	2,518,184	–
Balance at end of year	19,263,490	16,745,306
<u>Accumulated depreciation</u>		
Balance at beginning of year	7,893,174	2,169,131
Depreciation – note 14	6,044,807	5,724,043
Balance at end of year	13,937,981	7,893,174
Carrying amount, at December 31	₱5,325,509	₱8,852,132

Lease liabilities

The carrying amount and movement of lease liabilities are presented below:

	2025	2024
Beginning balance	₱9,755,515	₱14,872,626
Additions	2,518,184	—
Total	12,273,699	14,872,626
Add: Finance cost	910,611	1,306,106
Less: Payments	(6,744,375)	(6,423,217)
Ending balance	6,439,935	9,755,515
Less: Current portion	(3,590,667)	(3,590,667)
Noncurrent portion	₱2,849,268	₱6,164,848

Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using incremental borrowing rate ranging from 8.95% to 11.20% for December 31, 2025 and ranging from 8.14% to 8.95% for December 31, 2024.

Short-term lease agreements

The Company also entered into short-term and low-value lease agreement for printer and photocopier machines for use in the office. The Company elects to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The lease payments associated with these contracts are recognized as an expense on a straight-line basis over the lease term of the contracts. Rent expenses incurred for these short-term leases amounted to ₱519,566 and ₱273,997 in 2025 and 2024, respectively, and presented as Rentals under “Operating expenses” in the statements of comprehensive income (see Note 14).

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	2025	2024
Accounts payable	₱50,985,516	₱35,033,525
Payable to government agencies	21,180,122	27,485,919
Accrued expenses	16,575,434	3,767,673
Provision for contingency expenses	7,859,905	10,848,441
Claims payable – note 18	593,186	167,293
	₱97,194,163	₱77,302,851

Accounts payable pertain to unidentified deposits that are not yet matched with the policies and refunds due to insured, including excess collections from policyholders, amounting to ₱10,516,689 and ₱10,537,169 in 2025 and 2024, respectively (see Note 18).

Payable to government agencies consists of payables to the Bureau of Internal Revenue (BIR) for withholding taxes, percentage taxes, and output value-added tax (VAT), and contributions payable to SSS, PhilHealth, and HDMF.

Accrued expenses mainly pertain to consultancy fees payable to agents and professional fees, which are not yet billed as of reporting date.

In 2024, the Company recognized additional provision for contingency expenses amounting to ₱10,100,297 and is presented as part of Provision for probable losses and disallowances under “Operating expenses” in the 2024 statement of comprehensive income (see Note 14).

Management considers the carrying amounts of these short-term financial liabilities to be a reasonable approximation of their fair values.

10. CONTRACT LIABILITY

This account includes unamortized or unearned portion of the income from claims handling services.

The changes and movements in contract liability are as follows:

	2025	2024
Balance at beginning of year	₱8,097,799	₱8,227,643
Deferred during the year	16,623,037	23,279,001
Recognized as income during the year	(21,107,902)	(23,408,845)
Balance at end of year	3,612,934	8,097,799
Less: Current portion	(1,895,848)	(4,730,972)
Noncurrent portion	₱1,717,086	₱3,366,827

11. RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, has transactions with related parties. The following are the specific relationships, amounts of transactions, account balances, terms and conditions, and the nature of the consideration to be provided in settlement. Unless otherwise stated, the accounts are unsecured, unimpaired, unguaranteed, noninterest-bearing, and have no definite repayment terms. The Company’s policy is to settle its intercompany receivables and payables on a net basis.

Relationship

Related party	Relationship
Albert F. Del Rosario/Estate of Albert F. Del Rosario	Stockholder
Hans V. Del Rosario	Director/Stockholder
Margarete R. Isleta	Director/Stockholder
Arthur L. Panganiban, Jr.	President/CEO
Maria Rowena R. Nicolas	Director/Senior Vice President - Employee Benefits Dept.
Juan Antonio H. Inocentes	Director/Senior Vice President - Property & Casualty Dept.
Ma. Teresa V. Rosario	Vice President - Property and Casualty Dept.
Lawrence J. Gotuaco	Stockholder
Andrew P. Gotuaco	Stockholder

Transactions and account balances

		2025	
	Amount/ volume of transactions	Outstanding receivables (payables)	Terms and conditions
<u>Due from officers</u>			
Arthur L. Panganiban, Jr.	P–	P10,019,068	Interest-bearing and collectible in 20 years
Albert F. Del Rosario/Estate of Albert F. Del Rosario	7,202,390	9,766,098	
Andrew P. Gotuaco	–	779,554	
Maria Rowena R. Nicolas	–	569,175	
Lawrence J. Gotuaco	805,426	566,558	
Margarete R. Isleta	452,436	573,169	
Hans V. Del Rosario	22,231	25,331	
Juan Antonio H. Inocentes	–	4,437	
	P8,482,483	P22,303,390	
<u>Commissions payable</u>			
Albert F. Del Rosario/Estate of Albert F. Del Rosario	P–	(P11,112,334)	Payable on demand
Albert F. Del Rosario/Adjustment	–	(2,967,903)	Payable on demand
Hans V. Del Rosario	(3,094,101)	(1,250,985)	Payable on demand
Margarete R. Isleta	(3,586,331)	(4,468,978)	Payable on demand
Arthur L. Panganiban, Jr.	(6,280,090)	(1,947,331)	Payable on demand
Maria Rowena R. Nicolas	(14,241,205)	(7,896,653)	Payable on demand
Juan Antonio H. Inocentes	(606,791)	(55,757)	Payable on demand
Ma. Teresa V. Rosario	(541,792)	(95,421)	Payable on demand
Lawrence J. Gotuaco	(675,939)	(194,236)	Payable on demand
Andrew P. Gotuaco	5,032,745	(1,499,233)	Payable on demand
	(P23,993,504)	(P31,498,831)	
		2024	
	Amount/ volume of transactions	Outstanding receivables (payables)	Terms and conditions
<u>Due from officers</u>			
Arthur Panganiban	P67,500	P10,200,018	Interest-bearing Collectible in 20 years
Andrew P. Gotuaco	9,495,378	345,838	
Ma. Rowena R. Nicholas	507,363	514,034	
Lawrence J Gotuaco	1,143,724	362,064	
Margarete Isleta	689,433	67,366	
Hans Del Rosario	36,732	37,982	
Juan Antonio H. Inocentes	157,004	173,387	
	P12,097,134	P11,700,689	
<u>Commissions payable</u>			
Albert F. Del Rosario/Estate of Albert F. Del Rosario	P–	(P21,671,656)	Payable on demand
Hans V. del Rosario	(3,189,175)	(1,373,757)	Payable on demand
Margarete R. Isleta	(3,641,090)	(4,382,746)	Payable on demand
Arthur L. Panganiban, Jr.	(4,483,866)	(1,232,237)	Payable on demand
Maria Rowena R. Nicolas	(6,166,170)	(5,782,088)	Payable on demand
Juan Antonio H. Inocentes	(700,361)	(447,955)	Payable on demand
Andrew P. Gotuaco	(22,375,261)	(31,801,118)	Payable on demand
	(P40,555,923)	(P66,691,557)	

Due from officers is classified as follows:

	2025	2024
Current	₱18,534,040	₱1,500,671
Noncurrent	3,769,350	10,200,018
	₱22,303,390	₱11,700,689

The current portion of due from officers is included in the Due from officers and employees account under Trade and other receivables in the current assets section of the statements of financial position, while the noncurrent portion is included in the Due from officers and employees, net of current portion, in the statements of financial position (see Note 5).

Commissions payable represent the share of servicing officers in the commission income. Commissions payable presented in the statements of financial position includes commissions payable to producers, employees, and referrals amounting to ₱7,918,761 and ₱15,537,021 as at December 31, 2025 and 2024, respectively.

Key Management Remuneration

Compensation paid to key management personnel consists of the following:

	2025	2024
Salaries and other short-term benefits	₱35,888,300	₱30,930,903
Post-employment benefits	—	—
	₱35,888,300	₱30,930,903

12. RETIREMENT BENEFITS OBLIGATION

The Company has a funded, tax-qualified, non-contributory defined retirement plan covering all its regular employees. The plan salary is the latest monthly salary paid to the member, or if paid daily, shall be converted to monthly for services rendered during normal working days and hours, excluding allowances, overtime pay, commissions, bonuses, and/or profit-sharing payments and other fluctuating emoluments or monetary benefits which are not considered as part of or integrated into the regular salary of the employee.

The retirement plan is duly approved by the BIR on June 22, 2016 and in compliance with Article 287 of the Labor Code, as amended by Republic Act (R.A.) No. 7641.

The present value of the defined benefit obligation, and the related current service cost were measured using the Projected Unit Credit (PUC) Method.

The Company's latest actuarial valuation was on December 31, 2025.

Details of the retirement benefits obligation presented in the statements of financial position are as follows:

	2025	2024
Present value of the retirement benefits obligation	₱28,025,420	₱60,110,423
Fair value of plan assets	(25,848,803)	(53,584,479)
	₱2,176,617	₱6,525,944

The provision for retirement benefits recognized for the years ended December 31 are as follows:

	2025	2024
Current service cost	₱3,122,817	₱2,929,929
Interest cost on benefit obligation	3,654,714	3,318,277
Interest income on plan assets	(2,365,720)	(3,056,654)
	₱4,411,811	₱3,191,552

The provision for retirement benefits is included under “Operating expenses” in the statements of comprehensive income (see Note 14).

The movements in the present value of retirement benefits obligation recognized in the statements of financial position are as follows:

	2025	2024
Balance at beginning of year	₱60,110,423	₱54,131,755
Current service cost	3,122,817	2,929,929
Interest cost	3,654,714	3,318,277
Benefits paid from plan assets	(35,349,234)	(1,325,262)
Remeasurements:		
Actuarial loss (gain) arising from:		
Experience adjustment	(755,855)	1,449,169
Financial assumptions	(705,129)	173,763
Demographical assumptions	(2,052,316)	(567,208)
Balance at end of year	₱28,025,420	₱60,110,423

The movements in the fair value of plan assets are as follow:

	2025	2024
Balance at beginning of year	₱53,584,479	₱47,526,480
Contributions	6,000,000	6,000,000
Interest income	2,365,720	3,056,654
Benefits from plan assets	(35,349,234)	(1,325,262)
Remeasurement loss on return on plan assets	(752,162)	(1,673,393)
Balance at end of year	₱25,848,803	₱53,584,479

The composition of the fair value of plan assets at the end of the reporting period for each category is as follows:

	2025	2024
Unit investment funds and mutual funds	11.46%	5.00%
Mutual funds	88.56%	84.80%
Others	(0.02%)	10.20
Balance at end of year	100%	100%

The remeasurement loss recognized in other comprehensive income is as follows:

	2025	2024
Actuarial loss (gain) arising from:		
Financial assumptions	(P755,855)	P1,449,169
Demographic assumptions	(705,129)	173,763
Return on plan assets, excluding interest income	(2,052,316)	(567,208)
Remeasurement loss on plan assets	752,162	1,673,393
	(2,761,138)	2,729,117
Income tax effect	690,284	(682,279)
	(P2,070,854)	P2,046,838

Amounts recognized in other comprehensive income were included within the Item that will not be reclassified subsequently to profit or loss in the statements of comprehensive income.

The movements in remeasurement loss on retirement benefits as at December 31 are as follows:

	2025	2024
Balance at beginning of year	P14,862,391	P12,815,553
Remeasurement loss (gain) for the year	(2,070,854)	2,046,838
Balance at end of year	P12,791,537	P14,862,391

The actuarial assumptions used in the valuation are the following:

	2025	2024
Discount rate	6.41%	6.08%
Salary increase rate	10.00%	10.00%
Retirement date	Attainment of age 60 and 5 years of service	Attainment of age 60 and 5 years of service
Mortality rate	2017 Philippine Intercompany Mortality Table	2017 Philippine Intercompany Mortality Table
Disability rate	1952 Disability Study, Period 2, Benefit 5	1952 Disability Study, Period 2, Benefit 5
Turnover rates	A scale ranging from 7.08% at age 18 and 0% at age 60	A scale ranging from 8.51% at age 18 and 0% at age 60

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting period, assuming all other assumptions were held constant:

	2025		2024	
	Increase (decrease)	Effect on defined benefit obligation	Increase (decrease)	Effect on defined benefit obligation
<i>Discount rates</i>				
If discount rate + 1bps	(7%)	(P1,934,385)	(5%)	(P3,252,159)
If discount rate – 1bps	8%	2,254,538	6%	3,762,223
<i>Salary increase rates</i>				
If salary rate + 1bps	8%	P2,154,005	6%	3,582,959
If salary rate – 1bps	(7%)	(1,891,633)	(5%)	(3,170,762)

Risk Arising from the Retirement Plan

The Company is exposed to actuarial risk, such as interest rate risk, longevity, and salary risks.

Interest Rate Risk

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the retirement benefit obligation. The discount rate assumption is based on PHP BVAL rates on government bonds as of the valuation dates or latest available, considering the average years of remaining working life of the employees as estimated term of the retirement benefit obligation.

Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the participants will result in an increase in the retirement benefit obligation.

The Company has an unfunded retirement obligation of ₱2,176,617 and ₱6,525,944 as at December 31, 2025 and 2024, respectively. While there is no minimum required funding, the amount without fund may expose the Company to cash flow risk for the next 10 years when a significant number of employees are expected to retire.

The weighted average duration of the defined benefit obligation as at December 31, 2025 and 2024 is 7.5 years and 5.8 years, respectively.

Regulatory Framework in which the Retirement Obligation Operates

In accordance with the provisions of the Labor Code, the Company is required to pay eligible employees at least the minimum regulatory benefit upon retirement, subject to age and service requirements.

Plan Amendments, Curtailments, or Settlements

There was no plan amendment, curtailment, or settlement recognized for the years ended December 31, 2025 and 2024.

Responsibilities of Trustees

The Company has entered in a trust agreement with a trustee bank, which in turn, administers the retirement plan assets and is authorized to invest the plan assets subject to the provisions of the agreement. Moreover, the trustee is bound by the BIR Revenue Regulation (RR) No. 1-68 on investment limitation such as impossibility of diversions: “The corpus or income of the trust fund must at no time be used for, or diverted to, any purpose other than for the exclusive benefit of the said officials and employees.”

Maturity Profile of Undiscounted Benefit Payments

The maturity analysis of undiscounted benefit payments for normal retirement within 10 years is as follows:

December 31, 2025

	1 to 3 years	More than 3 to 5 years	More than 5 years
Normal retirement	₱17,858,616	₱1,974,780	₱11,562,335

December 31, 2024

	1 to 3 years	More than 3 to 5 years	More than 5 years
Normal retirement	₱16,025,639	₱43,917,866	₱6,617,687

13. EQUITY

Capital stock

Details of capital stock as at December 31 are as follows:

	Shares		Amount	
	2025	2024	2025	2024
Common shares – ₱100 par value				
Authorized				
Class A	245,000	245,000	₱24,500,000	₱24,500,000
Class B	105,000	105,000	10,500,000	10,500,000
	350,000	350,000	₱35,000,000	₱35,000,000
Subscribed, issued and fully paid:				
Balance at beginning and end of year				
Class A	245,000	245,000	₱24,500,000	₱24,500,000
Class B	90,000	90,000	10,500,000	10,500,000
	350,000	350,000	₱35,000,000	₱35,000,000

Both Class A and Class B shares enjoy the same rights and privileges, except as otherwise indicated in the Articles of Incorporation.

Treasury shares

The Company holds 15,000 treasury shares amounting to ₱3,619,650. These shares were previously held by Aon Holdings Asia Ltd. and reacquired by the Company on March 31, 1997. The balance of retained earnings restricted for dividend declaration is equivalent to the cost of treasury shares as at December 31, 2025 and 2024.

Cash dividends

On November 21, 2025, a meeting was held where the BOD approved the declaration and distribution of cash dividends amounting to ₱5,000,000 for the Company's stockholders on record as of date, which shall be paid to stockholders on or before December 31, 2025. The cash dividends were paid on December 23, 2025.

Excess retained earnings

Under the Revised Philippine Corporation Code, stock corporations are prohibited from retaining surplus profits in excess of their paid-up capital stock except when justified by any of the reasons mentioned in the Code.

Notwithstanding the dividend declaration, as at December 31, 2025 and 2024, the Company's retained earnings were in excess of the paid-up capital. The Management believes that it is necessary to retain the excess profits for the Company's planned digitalization and office expansion in the coming years.

14. OPERATING EXPENSES

This account consists of:

	2025	2024
Commission expense	₱51,732,416	₱78,183,405
Personnel costs	46,625,882	42,956,322
Provision for probable losses and disallowances – notes 5, 6, and 9	32,921,830	115,782,629
Entertainment, amusement, and recreation	8,092,060	8,036,790
Depreciation – notes 7 and 8	7,671,839	11,733,825
Professional fee	6,835,445	5,470,590
Insurance	6,563,250	5,989,119
Transportation and travel	6,308,845	5,804,075
Provision for retirement benefits – note 12	4,411,811	3,191,552
Utilities	4,141,635	3,888,871
Taxes and licenses	3,158,947	2,896,280
Employee benefits	3,128,485	3,078,688
Repairs and maintenance	1,536,896	1,874,174
Office supplies and stationery	1,370,397	978,017
Rentals – note 8	519,566	273,997
Advertising	463,468	899,930
Miscellaneous	20,031,806	13,550,401
	₱205,514,578	₱304,588,665

Miscellaneous includes fines and penalties, expenses during the celebration of Company's anniversary, and miscellaneous fees charged by foreign partners.

15. OTHER INCOME

This account consists of:

	2025	2024
Interest income – notes 4 and 5	₱176,913	₱121,396
Unrealized gain on foreign exchange – note 4	156,205	–
Reversal of provision for ECL – note 5	39,219,999	–
	₱39,553,117	₱121,396

16. INCOME TAX

Provision for income tax consists of:

	2025	2024
Current	₱43,932,349	₱49,480,207
Deferred	4,648,983	1,140,844
	₱48,581,332	₱50,621,051

The reconciliation of income tax expense computed at the statutory income tax rate to income tax expense as shown in the statements of comprehensive income is as follows:

	2025	2024
Income before income tax	₱133,310,591	₱68,632,871
Applicable tax rates	25%	25%
Tax at statutory tax rate	33,327,648	17,158,093
Add (deduct) tax effects of:		
Interest income subjected to final tax	(39,403)	(4,609)
Nondeductible provision for probable losses and disallowances	8,230,457	24,903,097
Nondeductible expenses due to non-withholding	5,790,072	–
Nondeductible representation expenses	1,272,558	–
Change in unrecognized deferred tax assets and other movements	–	8,564,470
	₱48,581,332	₱50,621,051

The components of net deferred tax assets as at December 31 are as follow:

	2025	2024
Deferred tax assets		
Provision for retirement benefits	₱4,808,000	₱5,205,047
Contract liability	903,194	2,024,410
Accrued rent	14,279	14,279
Actuarial loss on retirement benefit obligation	(4,263,846)	(3,573,561)
Unamortized past service cost	–	2,865,822
Effects of PFRS 16	–	225,846
	1,461,627	6,761,843
Deferred tax liabilities		
Unrealized foreign exchange gain	(39,051)	–
Deferred tax assets (net)	₱1,422,576	₱6,761,843

The deferred tax assets of ₱1,461,627 and ₱6,761,843 as of December 31, 2025 and 2024, respectively, have not been provided with a valuation allowance since based on the Management assessment, it is probable that future taxable income will be available against which the Company can utilize the benefits therefrom.

On January 5, 2024, R.A. No. 11976, otherwise known as the Ease of Paying Taxes (EOPT) Act, was signed into law. Among the highlights of EOPT Act are as follows:

- Disallowance of expenses as a result of non-withholding under Section 34 (k) of the Tax Code of 1997 is repealed;
- Simplified timing of withholding, i.e. at the time the income has become payable;
- Uniform basis for VAT, both for the sale of goods and services, to be “gross sales”;
- Liberalizing VAT invoicing requirements such that VAT shall still be allowed to be used as an input tax credit on the part of the purchaser even if the invoice lacks certain information. The VAT invoice is the sole supporting document required in declaring output taxes and claiming input taxes; and
- Output VAT on uncollected receivables may be deducted from output VAT payable in the next quarter after the lapse of the agreed period to pay, subject to certain conditions.

17. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company’s activities are exposed to variety of financial risks which are a result from both its operating and investing activities. The Company’s risk management policies focus on actively securing the Company’s short-term to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. Another fundamental risk management strategy is transforming financial operational risks through the procurement of property insurance, third-party liability insurance, director’s and officer’s liability insurance, and errors and omissions liability (professional liability insurance).

The Company’s principal financial instruments are composed of cash in banks and cash equivalents, trade and other receivables, accounts payable and other liabilities (except payable to government agencies and provision for contingency expenses), due to insurance companies, commissions payable, and lease liabilities. The main purpose of these financial instruments is to raise financing for the Company’s operations.

The Company is exposed to market risk, credit risk, and liquidity risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk, such as equity price risk. Financial instruments affected by market risk include borrowings, debt, and equity investments.

Interest Rate Risk

As at December 31, 2025 and 2024, the Company is exposed to changes in market interest rates through its cash in banks and cash equivalents, and short-term investments, which are subject to variable interest rates. However, for financial assets with short-term maturity, the risk is assessed by management as insignificant due to its relatively short-term nature and/or low interest rates.

The following table sets out the Company's financial instruments exposed to interest rate risk by maturity:

December 31, 2025				
	Interest rate	Less than one year	More than one year	Total
Cash in banks	0.06% to 0.125%	₱171,634,038	₱—	₱171,634,038
Cash equivalents	1.25% to 1.75%	545,218	—	545,218
Due from officers and employees	4% to 6%	19,209,952	4,371,658	23,581,610
		₱191,389,208	₱4,371,658	₱195,760,866

December 31, 2024				
	Interest rate	Less than one year	More than one year	Total
Cash in banks	0.06% to 0.125%	₱150,255,502	₱—	₱150,255,502
Cash equivalents	1.25% to 1.75%	536,343	—	536,343
Due from officers and employees	4% to 6%	5,876,360	14,284,771	20,161,131
		₱156,668,205	₱14,284,771	₱170,952,976

Foreign Currency Risk

Foreign currency risk arises when an investment's value changes due to changes in currency exchange rate. The Company undertakes certain transactions denominated in foreign currencies; hence, exposure to exchange rate fluctuations arises. Significant fluctuation in the exchange rates could affect the Company's financial position. The Company has no established policy for managing foreign exchange rate risk. Any favorable or unfavorable movements of currency exchange rates are absorbed by the Company.

The Company has exposure relating to its foreign currency transactions. Such foreign currency exposure would arise from the Company's cash in banks deposited in US dollar account, commissions receivable, and due to insurance companies.

The following tables show the Company's foreign currency-denominated monetary assets and liabilities and their peso equivalent as at December 31:

	2025		2024	
	Philippine peso	US dollar	Philippine peso	US dollar
<u>Financial assets</u>				
Cash in banks	₱31,461,932	\$535,021	₱33,577,088	\$578,776
Commissions receivable	595,401	10,125	116,434	2,007
<u>Financial liability</u>				
Due to insurance companies	(1,137,171)	(19,338)	(876,766)	(15,113)
	₱30,920,162	\$525,808	₱32,816,756	\$565,670

The Company recognized a net foreign exchange gain amounting to ₱156,205 in 2025, which is included in the "Other income" account in the 2025 statement of comprehensive income (see Note 15). This resulted from the movements of the US dollar against Philippine peso as shown in the following table:

US dollar to Philippine peso	
December 31, 2025	₱58.805
December 31, 2024	58.014

The following table demonstrates the sensitivity to a reasonably possible change in US dollar exchange rate to Philippine peso, with all other variables held constant, of the Company's income before income tax (due to the changes in the fair value of monetary assets):

<u>December 31, 2025</u>			<u>December 31, 2024</u>		
% Change in US dollar to Philippine peso exchange rate	US dollar	Philippine peso	% Change in US dollar to Philippine peso exchange rate	US dollar	Philippine peso
1%	(\$5,258)	₱309,197	4%	\$22,627	(₱1,312,683)
(1%)	5,258	(309,197)	(4%)	(22,627)	1,312,683

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements arises from the carrying amount of financial assets recognized in the statements of financial position.

The Company trades primarily with related parties and with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company's current credit risk grading framework is as follows:

Category	Description	Basis for recognizing ECLs	Minimum allowance for ECL	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL	0%	1
Doubtful	Amount is 1 to 360 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired	1%	2
In default	Amount is over 1 year to 5 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	25%	3
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off	100%	4

The table below shows the Company's maximum exposure to credit risk and the credit quality of the Company's financial assets:

December 31, 2025					
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks and cash equivalents	(a)		₱172,179,256	₱–	₱172,179,256
Receivables from insurance companies’ clients	(b)	Lifetime ECL	47,887,071	(4,874,904)	43,012,167
Due from officers	(b)	12-month ECL	22,303,390	–	22,303,390
Due from employees	(b)	Lifetime ECL	1,278,220	–	1,278,220
Commissions receivable	(b)	Lifetime ECL	15,341,933	(1,025,761)	14,316,172
			₱258,989,870	(₱5,900,665)	₱253,089,205

December 31, 2024					
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks and cash equivalents	(a)		₱150,791,845	₱–	₱150,791,845
Receivables from insurance companies’ clients	(b)	Lifetime ECL	45,393,001	(38,232,478)	7,160,523
Due from officers	(b)	12-month ECL	11,700,689	–	11,700,689
Due from employees	(b)	Lifetime ECL	8,460,442	–	8,460,442
Commissions receivable	(b)	Lifetime ECL	39,267,295	(6,888,186)	32,379,109
			₱255,613,272	(₱45,120,664)	₱210,492,608

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except for cash in banks and cash equivalents as described below:

- (a) The credit risk for cash in banks and cash equivalents is considered negligible, since the counterparties are reputable banks with high-quality external credit ratings. Cash in banks and cash equivalents are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of ₱1,000,000 for every depositor per banking institution.
- (b) For receivables from insurance companies' clients and commissions receivable under trade and other receivables, the Company has applied the simplified approach to measure the loss allowance at lifetime ECLs. The Company determines the ECLs on these items by using a provision matrix, estimated based on historical credit loss experience and on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. For due from officers and employees, the Company has not provided an allowance for ECL as Management assessed that these receivables are fully recoverable.

Liquidity Risk

Liquidity risk arises when the Company encounters difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective is to be able to finance capital expenditures and working capital requirements. The Company uses internally generated funds from operating and investing activities. Projected and actual cash flow information is regularly evaluated and funding sources are continually assessed.

The Company manages its liquidity risk by maintaining a financial strategy that the scheduled debts are well within the Company's ability to generate cash from its business operations. It is Company's policy that management monitors the Company's liquidity position on a monthly basis.

The tables below summarize the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

December 31, 2025

	Within 1 year	Later than one year but not more than five years	Total
Accounts payable and other liabilities	₱68,154,136	₱—	₱68,154,136
Due to insurance companies	52,341,480	—	52,341,480
Commissions payable	39,417,592	—	39,417,592
Lease liabilities	3,590,667	2,849,268	6,439,935
	₱163,503,875	₱2,849,268	₱166,353,143

**excluding amounts payable to government agencies and provision for contingency expenses amounting to ₱21,180,122 and ₱7,859,905, respectively*

December 31, 2024

	Within 1 year	Later than one year but not more than five years	Total
Accounts payable and other liabilities	₱38,968,491	₱—	₱38,968,491
Due to insurance companies	85,443,921	—	85,443,921
Commissions payable	90,064,202	—	90,064,202
Lease liabilities	3,590,667	6,164,848	9,755,515
	₱218,067,281	₱6,164,848	₱224,232,129

**excluding amounts payable to government agencies and provision for contingency expenses amounting to ₱27,485,919 and ₱10,848,441, respectively*

18. CAPITAL RISK OBJECTIVE AND MANAGEMENT

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital, such as interest expense, and reduce the need to obtain long-term borrowings.

The Company sets the amount of capital in proportion to its overall financing structure i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The table below shows the capital structure of the Company:

	2025	2024
Total liabilities (a)	₱201,182,721	₱277,190,232
Total equity (b)	142,506,875	60,706,762
Debt-to-equity ratio (a/b)	1.41:1	4.57:1

Supplementary Information Required by IC

In compliance with IC Circular Letter No. 2021-65 and 69, presented below are the information required by IC:

a) Segregation of clients' money account

As at December 31, 2025 and 2024, the Company's clients' money amounted to ₱15,564,284 and ₱50,755,382, respectively, and is included in "Cash in banks" presented as part of cash and cash equivalents account in the statement of financial position. The client's money is placed in China Bank Corporation (CBC) current account and Bank of the Philippine Island (BPI) savings account.

b) Net worth compliance

The Company is required to comply with the minimum net worth requirements for insurance and HMO brokers amounting to ₱25,000,000 per IC CL Nos. 2018-52, 2021-65, and 2023-02.

The Company's net worth as at December 31, 2025 and 2024 amounted to ₱142,506,875 and ₱60,706,762, respectively, with total capital stock of ₱35,000,000 issued and outstanding as at December 31, 2025 and 2024. The Company is in compliance with the minimum net worth requirement set forth by the IC.

c) Fiduciary ratio requirement

The Company is required to comply with the fiduciary ratio requirement per IC CL Nos. 2021-65 and 2023-09. The fiduciary ratio is a measure to assess the Company's conduct of handling premiums from the policyholder, given that a broker is expected to be acting in a fiduciary capacity.

The fiduciary ratio is computed by dividing the total fiduciary assets (either cash or receivables being held by an insurance and/or reinsurance broker over the total fiduciary liabilities). The fiduciary ratio to be maintained shall be 1:1. Amounts used are gross of the commissions, allowances for impairment, taxes, fees and other charges. The fiduciary assets and liabilities used are in accordance with IC CL No. 2021-69 or the Revised Standard Chart of Accounts (SCA) for Insurance Brokers.

Fiduciary transaction model

The Company uses both credit and direct agreement transaction types. A credit agreement is a type of transaction wherein the insurance and/or reinsurance broker (1) collects premiums receivable from clients/insurers and remits to insurance/reinsurance companies, (2) remits claim payments to claimants/cedants on behalf of the insurance/reinsurance company or (3) other credit agreement. Direct remittance agreement is a type of transaction wherein a client/insurer/cedant remits the premium payments directly to the insurance/reinsurance company.

Fiduciary ratio computation

As at December 31, 2025 the Company's fiduciary ratio is computed as follows:

	2025	2024
<i>Fiduciary assets</i>		
Client's money	₱15,564,284	₱50,755,382
Receivable from insurance companies' clients	47,887,071	45,393,001
	₱63,451,355	₱96,148,383
<i>Fiduciary liabilities</i>		
Due to insurance companies	₱52,341,480	₱85,443,921
Claims payable	593,186	167,293
Payable/refunds due to insured (recorded under Accounts payable and other liabilities – note 9)	10,516,689	10,537,169
	₱63,451,355	₱96,148,383
Fiduciary ratio	1.00	1.00

Based on the computation, the Company is compliant with the requirement of IC CL No. 2021-65.

The Company commits to maintain and monitor records of the balances due from/to policyholders/insured and reconcile these balances (on a client-by-client basis) regularly to ensure that client monies are properly kept in respective clients' accounts.

d) Offsetting arrangements

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

19. FAIR VALUE INFORMATION

Financial assets and liabilities measured at amortized cost for which fair value is disclosed

The Company's financial assets and liabilities, which are not measured at fair value but for which fair value is disclosed, include cash in bank and cash equivalents, trade and other receivables (except noncurrent portion of due from officers and employees), and accounts payable and other liabilities (except payable to government agencies and provision for contingency expenses), due to insurance companies, commissions payable, and current portion of lease liabilities. Management considers that the carrying amounts of these financial assets and liabilities approximate their fair value due to their relatively short-term duration.

Assets and liabilities not measured at fair value

The following noncurrent financial assets and financial liabilities are not measured at fair values on recurring basis, but the fair value disclosure is required:

	2025		2024		
	Carrying Value	Fair Value	Carrying Value	Fair Value	Fair value Hierarchy
Due from officers and employees (net of current portion)	₱4,371,658	₱4,143,502	₱14,284,771	₱13,448,839	Level 2
Lease liabilities (net of current portion)	2,849,268	2,700,565	6,164,848	5,804,087	Level 2

The fair value of due from officers and employees and lease liabilities is based on the discounted value of future cash flows using the PHP BVAL rate. Discount rates used were 5.372% and 6.045% as at December 31, 2025 and 2024.

20. SUPPLEMENTARY INFORMATION REQUIRED BY BIR

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements for the taxable year ended December 31, 2025. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS Accounting Standards.

a. Output VAT

Output VAT declared for the year and the revenues upon which the same was based consist of:

Output VAT at 12%	₱49,246,813
Vatable sales	₱410,390,112
Zero-rated sales	—
Tax-exempt sales	—
Total sales	₱410,390,112

b. Input VAT

The movements in input VAT during the year are as follows:

Balance at beginning of the year	₱8,873,616
Add: Domestic purchases of goods and services	4,803,898
Total available input VAT	13,677,514
Less: Claims applied against output VAT	(13,677,514)
Balance at end of the year	₱–

c. Taxes on importations

The Company did not pay nor accrue customs duties or tariff fees as the Company did not import any goods or equipment for the year ended December 31, 2025.

d. Excise tax

The Company did not pay nor accrue excise tax as there was no related transaction that required the payment of the said tax for the year ended December 31, 2025.

e. Documentary stamp tax

The Company did not pay nor accrue documentary stamp tax as there was no related transaction that required the payment of the said tax for the year ended December 31, 2025.

f. Taxes and licenses

All other local and national taxes paid during the year are as follows:

Business permit	₱2,873,197
Others – to IC	285,750
	₱3,158,947

g. Withholding taxes

The total withholding taxes remitted and accrued, and/or withheld during the year are as follows:

Expanded withholding taxes	
Remittances for December 2024	₱1,613,922
Remittances for January to November 2025	8,379,278
Accrued for December 31, 2025	750,044
Taxes on compensation and benefits	
Remittances for December 2024	₱440,306
Remittances for January to November 2025	7,058,927
Accrued December 31, 2025	626,421

Final taxes

Remittances for December 2024	P-
Remittances for January to November 2025	-
Accrued for December 31, 2025	500,000

h. Deficiency tax assessment and tax cases

The Company has no outstanding tax assessments with final assessment notices (FAN), including outstanding tax cases under preliminary investigation, litigation, and/or prosecution in courts or bodies outside the BIR.

Supplementary information required by RR No. 34-2020

The Company is not covered by the requirements and procedures for related party transactions under Section 2 of RR No. 34-2020.

* * *

AFDR INSURANCE BROKERS INC.
SUPPLEMENTARY INFORMATION REQUIRED UNDER
SEC MEMORANDUM CIRCULAR (MC) NO. 18 SERIES OF 2024
For the year ended December 31, 2025 and 2024

The additional information required by SEC under MC No. 18 Series of 2024 issued on December 26, 2024 is summarized in this note.

	2025	2024
Total Audit Fees	₱380,000	₱1,397,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Non-audit Fees	—	—
Total Audit and Non-audit Fees	₱380,000	₱1,397,000

* * *

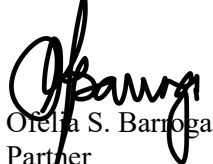
Independent Auditors' Report
to Accompany Supplementary Information for Filing with the Insurance Commission

To the Board of Directors and Stockholders of
AFDR INSURANCE BROKERS INC.
15th Floor, Chatham House,
116 Valero Corner V.A Rufino Street,
Makati City

We have audited, in accordance with the Philippine Standards on Auditing, the financial statements of **AFDR Insurance Brokers Inc.** (the Company) as at and for the year ended December 31, 2025, on which we have rendered the attached report dated May 20, 2026. Our audit was made for the purpose of forming an opinion on the financial statements of the Company taken as a whole. The minimum information presented in Note 18 is the responsibility of the Company's management, is presented for the purpose of complying with the Insurance Commission Circular Letter No. 2021-65 and 69, and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the Company's financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Diaz Murillo Dalupan and Company

Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until June 23, 2026
SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022
and valid for five years covering the audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028


Orelia S. Barroga
Partner

CPA Certificate No. 47189
SEC Accreditation No. 47189-SEC, Group A, issued on March 10, 2020
and valid for five years, has been extended to cover the audit of 2025 financial statements
Tax Identification No. 104-576-733
PTR No. 10771456, January 11, 2026, Makati City
BIR Accreditation No. 08-001911-001-2025, effective until March 11, 2028

May 20, 2026

Global Reach, Global Quality

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Davao Office : 3rd Floor Building B Plaza De Luisa, Ramon Magsaysay Avenue, Davao City 8000 Philippines • Phone/Fax: +63(82) 222 6636
Palawan Office : 2F MRC Building, Pineda Road, Brgy. San Pedro, Puerto Princesa City, Palawan 5300 Philippines • Phone +63(48) 716 1580
Website : www.dmdcpa.com.ph

CERTIFICATION

The undersigned, Ofelia S. Barroga, Audit Partner of **Diaz Murillo Dalupan and Company**, with business address at 7th and 8th floors Don Jacinto Building, De La Rosa corner Salcedo Streets, Legaspi Village, Makati City, do hereby certify that there are no adverse matters affecting the financial condition of **AFDR Insurance Brokers Inc.** during our audit, which may lead to financial reporting problems.


OFELIA S. BARROGA
Partner-in-Charge

Global Reach, Global Quality

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