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Hi BONIFACIO INSURANCE BROKER CORPORATION,

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Submission Date/Time: **May 15, 2026 09:02 AM**

Company TIN: **004-642-944**

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COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

B	O	N	I	F	A	C	I	O		I	N	S	U	R	A	N	C	E		B	R	O	K	E	R			
C	O	R	P	O	R	A	T	I	O	N																		

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

1	3	2		P	I	O	N	E	E	R		S	T	R	E	E	T												
M	A	N	D	A	L	U	Y	O	N	G		C	I	T	Y	,		M	E	T	R	O		M	A	N	I	L	A

Form Type

	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

	N	/	A
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COMPANY INFORMATION

Company's Email Address

--

Company's Telephone Number

8858-1000

Mobile Number

--

No. of Stockholders

EIGHT (8)

Annual Meeting (Month / Day)

FIRST FRIDAY 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

VIDA V. DE JESUS

Email Address

--

Telephone Number/s

--

Mobile Number

--

CONTACT PERSON'S ADDRESS

66 UNITED ST. BRGY. HIGHWAY HILLS, MANDALUYONG CITY, METRO MANILA

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.

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

The management of Bonifacio Insurance Broker Corporation is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

F. B. Tupue and Company, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

(SGD)

JOCELYN CAMPOS HESS
Chairman of the Board

(SGD)

CLINTON ANDREW C. HESS
President

(SGD)

VIDA V. DE JESUS
Treasurer

Signed: APR 29 2026

2/F Bayanihan Center Annex
132 Pioneer Street, Mandaluyong City, Philippines 1550
Direct Line: (632) 631 8351 to 52
Trunkline: (632) 858 1000
Email: bibc@bonifacioinsurance.com.ph
URL: www.bonifacioinsurance.com.ph

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The Management of Bonifacio Insurance Broker Corporation is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of Bonifacio Insurance Broker Corporation, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity in figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) Bonifacio Insurance Broker Corporation has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

(SGD)

JOCELYN CAMPOS HESS
Chairman of the Board

(SGD)

CLINTON ANDREW C. HESS
President

(SGD)

VIDA V. DE JESUS
Treasurer

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605A Estancia West Wing, Meralco Avenue, Pasig City 1603
contact@auditph.com
(632)87261271 (632)87264561
www.auditph.com

BOA Accreditation No. 0833 valid until May 18, 2028
BIR Accreditation No. 07-100666-C02-2023 valid until July 25, 2026
SEC Accreditation No. 0833-SEC (Group 8)
valid to cover audit of 2022 to 2026 financial statements

**INDEPENDENT AUDITOR'S REPORT
TO ACCOMPANY FINANCIAL STATEMENTS
FOR FILING WITH THE BUREAU OF INTERNAL REVENUE**

To the Stockholders and the Board of Directors
Bonifacio Insurance Broker Corporation
(A Wholly Owned Subsidiary of Active Research and Management Corporation)
132 Pioneer Street, Mandaluyong City, Metro Manila

We have audited the accompanying financial statements of Bonifacio Insurance Broker Corporation as at and for the year ended December 31, 2025, on which we have rendered the attached report dated April 30, 2026.

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

F. B. TUPUE & COMPANY

 $\vdash (SGD)$

Francis B. Tujue
Managing Partner
CPA Certificate No. 74105
Tax Identification No. 100-719-430-000
PTR No. 3985520 issued on January 6, 2026, Pasig City

BOA Accreditation No. 0833/P-001 valid until May 18, 2028
BIR Accreditation No. 07-100667-002-2023 valid until July 25, 2026
SEC Accreditation No. 74105-SEC (Group B)
valid to cover audit of 2022 to 2026 financial statements
IC Accreditation No. IC-EA-2025-0055-B (Group B)
valid to cover audit of 2025 to 2028 financial statements

April 30, 2026
Pasig City, Metro Manila

**INDEPENDENT AUDITOR'S REPORT
TO ACCOMPANY FINANCIAL STATEMENTS
FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION**

To the Stockholders and the Board of Directors
Bonifacio Insurance Broker Corporation
(A Wholly Owned Subsidiary of Active Research and Management Corporation)
132 Pioneer Street, Mandaluyong City, Metro Manila

We have audited the financial statements of Bonifacio Insurance Broker Corporation as at and for the year ended December 31, 2025, on which we have rendered the attached report dated April 30, 2026.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said company has one (1) stockholder owning one hundred (100) or more shares.

F. B. TUPUE & COMPANY


(SGD)

Francis B. Tupue
Managing Partner
CPA Certificate No. 74105
Tax Identification No. 100-719-430-000
PTR No. 3985520 issued on January 6, 2026, Pasig City
BOA Accreditation No. 0833/P-001 valid until May 18, 2028
BIR Accreditation No. 07-100667-002-2023 valid until July 25, 2026
SEC Accreditation No. 74105-SEC (Group B)
valid to cover audit of 2022 to 2026 financial statements
IC Accreditation No. IC-EA-2025-0055-R (Group B)
valid to cover audit of 2025 to 2027 financial statements

April 30, 2026
Pasig City, Metro Manila

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and the Board of Directors
Bonifacio Insurance Broker Corporation
(A Wholly Owned Subsidiary of Active Research and Management Corporation)
132 Pioneer Street, Mandaluyong City, Metro Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bonifacio Insurance Broker Corporation (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then 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 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 these financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Report on the Supplementary Information Required under Revenue Regulations Nos. 15-2010 and 34-2020 of the Bureau of Internal Revenue (BIR)

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 24 to the financial statements is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audits 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.

F. B. TUPUE & COMPANY

(SGD)

Francis B. Tupue

Managing Partner

CPA Certificate No. 74105

Tax Identification No. 100-719-430-000

PTR No. 3985520 issued on January 6, 2026, Pasig City

BOA Accreditation No. 0833/P-001 valid until May 18, 2028

BIR Accreditation No. 07-100667-002-2023 valid until July 25, 2026

SEC Accreditation No. 74105-SEC (Group B)

valid to cover audit of 2022 to 2026 financial statements

IC Accreditation No. IC-EA-2025-0055-R (Group B)

valid to cover audit of 2025 to 2027 financial statements

April 30, 2026

Pasig City, Metro Manila

BONIFACIO INSURANCE BROKER CORPORATION
(A Wholly Owned Subsidiary of Active Research and Management Corporation)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3, 5, 21, 22)	₱ 131,882,141	₱ 84,327,907
Trade and other receivables - net (Notes 3, 6, 21, 22)	21,355,674	25,408,001
Creditable income tax (Notes 3, 20)	11,836,904	9,306,815
Other current assets (Notes 3, 7)	263,481	370,848
Total Current Assets	165,338,200	119,413,571
Noncurrent Assets		
Property and equipment - net (Notes 3, 8)	704,214	777,290
Intangible assets - net (Notes 3, 9)	6,228,292	4,823,384
Right-of-use asset - net (Notes 3, 17)	4,053,229	3,979,876
Deferred tax assets - net (Notes 3, 20)	4,126,538	3,094,103
Total Noncurrent Assets	15,112,273	12,674,653
TOTAL ASSETS	180,450,473	132,088,224
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 3, 10, 21, 22)	14,110,389	16,963,599
Lease liability - current portion (Notes 3, 17, 21)	2,072,266	1,227,877
Other current liabilities (Note 11)	4,805,372	5,231,045
Total Current Liabilities	20,988,027	23,422,521
Noncurrent Liabilities		
Lease liability - net of current portion (Notes 3, 17, 21)	2,367,065	3,013,260
Employees retirement benefits liability (Notes 3, 19)	2,862,977	1,993,200
Total Noncurrent Liabilities	5,230,042	5,006,460
Total Liabilities	26,218,069	28,428,981
Equity		
Capital stock (Notes 3, 12)	24,000,000	24,000,000
Retained earnings (Notes 3, 12)		
Appropriated	119,000,000	65,000,000
Unappropriated	15,351,029	18,389,387
Accumulated remeasurement loss on employees retirement benefits - net of tax (Notes 3, 19)	(4,118,625)	(3,730,144)
Total Equity	154,232,404	103,659,243
TOTAL LIABILITIES AND EQUITY	₱ 180,450,473	₱ 132,088,224

See accompanying Notes to the Financial Statements.

BONIFACIO INSURANCE BROKER CORPORATION
(A Wholly Owned Subsidiary of Active Research and Management Corporation)
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2 0 2 5	2 0 2 4
COMMISSION INCOME (Notes 3, 13)	₱ 91,336,979	₱ 74,107,604
COST OF SERVICES (Notes 3, 14)	(13,386,823)	(10,487,555)
GROSS INCOME	77,950,156	63,620,049
GENERAL AND		
ADMINISTRATIVE EXPENSES (Notes 3, 15)	(19,220,364)	(17,647,707)
OTHER INCOME - NET (Notes 3, 16)	3,446,242	2,785,992
INTEREST EXPENSE (Notes 3, 17)	(323,370)	(381,960)
INCOME BEFORE INCOME TAX EXPENSE	61,852,664	48,376,374
INCOME TAX EXPENSE (Notes 3, 20)		
Current	(11,793,963)	(9,597,360)
Deferred	902,941	589,380
	(10,891,022)	(9,007,980)
NET INCOME	50,961,642	39,368,394
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that will not be reclassified		
subsequently to profit or loss:		
Remeasurement gain (loss) on employees retirement		
benefits during the year - net of tax (Note 3, 19)	(388,481)	305,556
TOTAL COMPREHENSIVE INCOME	₱ 50,573,161	₱ 39,673,950

See accompanying Notes to the Financial Statements.

BONIFACIO INSURANCE BROKER CORPORATION
(A Wholly Owned Subsidiary of Active Research and Management Corporation)
STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31	
	2 0 2 5	2 0 2 4
CAPITAL STOCK (Notes 3, 12)	₱ 24,000,000	₱ 24,000,000
RETAINED EARNINGS (Notes 3, 12)		
Appropriated		
Balance at beginning of year	65,000,000	24,000,000
Appropriation during the year	54,000,000	41,000,000
Balance at end of year	119,000,000	65,000,000
Unappropriated		
Balance at beginning of year	18,389,387	20,020,993
Net income for the year	50,961,642	39,368,394
Appropriation during the year	(54,000,000)	(41,000,000)
Balance at end of year	15,351,029	18,389,387
	134,351,029	83,389,387
ACCUMULATED REMEASUREMENT LOSS ON EMPLOYEES RETIREMENT BENEFITS - NET OF TAX (Notes 3, 19)		
Balance at beginning of year	(3,730,144)	(4,035,700)
Remeasurement gain (loss) on employees retirement benefits during the year	(388,481)	305,556
Balance at end of year	(4,118,625)	(3,730,144)
TOTAL EQUITY	₱ 154,232,404	₱ 103,659,243

See accompanying Notes to the Financial Statements.

BONIFACIO INSURANCE BROKER CORPORATION
(A Wholly Owned Subsidiary of Active Research and Management Corporation)
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2 0 2 5	2 0 2 4
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax expense	₱ 61,852,664	₱ 48,376,374
Adjustments for:		
Provision for expected credit losses (Notes 6, 15)	3,230,276	1,957,817
Depreciation and amortization (Notes 8, 15, 17)	1,993,596	1,779,662
Employees retirement benefits expense (Notes 15, 19)	351,802	377,353
Interest expense (Note 17)	323,370	381,960
Gain on sale of property and equipment (Note 16)	-	(14,341)
Unrealized gain on foreign exchange (Notes 5, 16)	(95,153)	(238,912)
Interest income - net of final tax (Notes 5, 16)	(2,674,828)	(2,184,732)
Operating income before changes in working capital	64,981,727	50,435,181
Decrease (Increase) in:		
Trade and other receivables - net (Note 6)	822,051	(1,721,358)
Other current assets (Note 7)	107,367	(61,215)
Increase (Decrease) in:		
Accounts payable and accrued expenses (Note 10)	(2,853,210)	9,514,215
Other current liabilities (Note 11)	(425,673)	1,101,178
Net cash generated from operations	62,632,262	59,268,001
Interest received (Notes 5, 16)	2,674,828	2,184,732
Income tax paid (Note 20)	(14,324,052)	(11,664,206)
Net Cash Provided by Operating Activities	50,983,038	49,788,527
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 8)	(418,897)	(391,304)
Additions to intangible assets (Note 9)	(1,404,908)	(328,358)
Proceeds from sale of property and equipment (Note 8)	-	14,341
Net Cash Used in Investing Activities	(1,823,805)	(705,321)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of principal on lease liabilities (Note 17)	(1,376,782)	(1,065,364)
Payments of interest on lease liabilities (Note 17)	(323,370)	(381,960)
Payments of dividends (Note 12)	-	(23,000,000)
Cash Used in Financing Activities	(1,700,152)	(24,447,324)
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,459,081	24,635,882
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (Note 5)	95,153	238,912
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	84,327,907	59,453,113
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱ 131,882,141	₱ 84,327,907

See accompanying Notes to the Financial Statements.

BONIFACIO INSURANCE BROKER CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Bonifacio Insurance Broker Corporation (the Company) is a stock corporation organized under the laws of the Philippines and registered with the Securities and Exchange Commission (SEC) on May 7, 1998, with registration no. A199801848. The Company is engaged in insurance brokering and risk management services (including the use of insurtech and other telemarketing means and services) covering all lines of property and casualty insurance, surety bonds, life and medical insurance, and all other related lines and activities.

The Company is licensed by the Philippine Insurance Commission as an insurance broker under License Number IB-12-2025-R, valid until December 31, 2027.

The Company applied for an HMO Broker's License with the Philippine Insurance Commission on March 10, 2026.

The Company is a wholly owned subsidiary of Active Research and Management Corporation (ARMCO – the Parent Company), a domestic company engaged in investing, acquiring, holding, selling, and disposing of personal property of every kind and description, including but not limited to, shares of stock, bonds, securities, notes and other certificates of indebtedness or obligations of any corporation.

The registered office address of the Company is 132 Pioneer Street, Mandaluyong City, Metro Manila.

The accompanying financial statements have been approved and authorized for issue by the Board of Directors (BOD) on April 29, 2026. The BOD is empowered to make revisions even after the date of issue.

2. Basis of Preparation

Functional and Presentation Currency

The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency, and all values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The Company's financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards comprise standards named PFRSs and Philippine Accounting Standards (PASs), which are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board (IASB) and Philippine Interpretations from the IFRS Interpretations Committee issued by the Philippine Interpretations Committee (PIC).

3. Material Accounting Policy Information

The accounting policy information set out below has been applied consistently by the Company to all periods presented in these financial statements, except for the changes in the accounting policies as explained below.

Adoption of Amendments to Standards

The Company has adopted the following amendments to standards that became effective beginning January 1, 2025, in the accompanying financial statements. Except as otherwise indicated, the adoption of the amendments to standards did not have any significant effect on the Company's financial statements.

Effective for annual periods beginning on or after January 1, 2025

- PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (Amendments). The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide.
- PFRS 9, *Financial Instruments – Comparative Information* (Amendment to PFRS 17) is a narrow-scope amendment to the transition requirements of PFRS 17 for entities that first apply PFRS 17 and PFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on the initial application of PFRS 17 and PFRS 9, but where this information has not been restated for PFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of PFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of PFRS 9.

New and Amended Standards Not Yet Effective

The following new and amended standards have been issued, but are not yet effective as at December 31, 2025. The Company intends to adopt these standards when they become effective. The Company does not expect the adoption of these standards to have a significant effect on the financial statements unless otherwise stated.

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

- PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments* (Amendments). The Amendments include:
 - A clarification that a financial liability is derecognized on the ‘settlement date’ and the introduction of an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.
 - Additional guidance on how the contractual cash flows for financial assets with environmental, social, and corporate governance (ESG) and similar features should be assessed.
 - Clarifications on what constitutes ‘non-recourse features’ and what are the characteristics of contractually linked instruments.
 - The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).
- PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity* (Amendments). The amendments apply only to contracts that reference nature-dependent electricity. The amendments:
 - Clarify the application of the ‘own-use’ requirements for in-scope contracts.
 - Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts.
 - Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

Annual Improvements to PFRS Accounting Standards — Volume 11

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Hedge Accounting* by a First-time Adopter. The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9 *Financial Instruments*.
- PFRS 7, *Financial Instruments: Disclosures - Gain or Loss on Derecognition*. The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13, *Fair Value Measurement*, was issued.

- PFRS 7, *Financial Instruments: Disclosures* (Implementation Guidance Only) - Disclosure of Deferred Difference Between Fair Value and Transaction Price. The amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
- PFRS 7, *Financial Instruments: Disclosures* (Implementation Guidance Only) - Introduction and Credit Risk Disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.
- PFRS 9, *Financial Instruments* - Lessee Derecognition of Lease Liabilities. The amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.2.1, but not also to paragraph 3.3.3. of PFRS 9.
- PFRS 9, *Financial Instruments* - Transaction Price. The amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of 'transaction price' in PFRS 15, *Revenue from Contracts with Customers*, while the term 'transaction price' is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.
- PFRS 10, *Consolidated Financial Statements* - Determination of a 'De Facto Agent'. The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
- PAS 7, *Statement of Cash Flows* - Cost Method. The amendment addresses a potential confusion in applying paragraph 37 of PAS 7 that arises from the use of the term 'cost method', that is no longer defined in PFRS Accounting Standards.

Effective for annual periods beginning on or after January 1, 2027, and January 1, 2030

- PFRS 17, *Insurance Contracts*. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. PFRS 17 supersedes PFRS 4, *Insurance Contracts*, and related interpretations.

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023, to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission (IC), which deferred the implementation of IFRS 17 by two (2) years after its effective date as decided by the IASB.

On November 20, 2024, the Securities and Exchange Commission issued SEC Memorandum Circular No. 16 Series of 2024 adopting the deferral of the implementation of PFRS 17 to January 1, 2027, and January 1, 2030, based on October 17, 2024, IC Circular Letters No. 2024-20 (for Health Maintenance Organizations (HMOs)) and 2024-19 (for Mutual Benefit Associations (MBAs)).

- PFRS 18, *Presentation and Disclosure in Financial Statements*. The new standard 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.
- PFRS 19, *Subsidiaries without Public Accountabilities: Disclosures*. The new standard specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other PFRS Accounting Standards.

Effectivity Deferred

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* - Sale or contribution of assets between an investor and its associate or joint venture (Amendments). The amendments clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:
 - require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in PFRS 3, *Business Combinations*).
 - require the partial recognition of gains and losses where the assets do not constitute a business, i.e., gain or loss is recognized only to the extent of the unrelated investors' interest in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g., whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

Financial Instruments

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument. In the case of regular way purchase or sale of financial assets, recognition and derecognition, as applicable, are done using settlement date accounting.

Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

All financial assets, except for trade receivables, are initially measured at fair value. The initial measurement of financial assets includes transaction costs except for financial assets at FVTPL. The Company measures its trade receivables, at initial recognition, at their transaction price if the trade receivables do not contain a significant financing component or when the Company applies the practical expedient in accordance with paragraph 63 of PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement. The subsequent measurement of financial assets depends on their classification as follows:

- a. Financial Assets at Amortized Cost. Financial assets are measured at amortized cost if both of the following conditions are met:
 - The financial assets are 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 assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Included in this category are the Company's cash and cash equivalents and trade and other receivables (except for advances to officers and employees – operational).

Cash and Cash Equivalents

Cash includes cash on hand and unrestricted cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

b. Financial Assets at FVOCI. Financial assets are measured at FVOCI if both of the following conditions are met:

- The financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation, and impairment losses (and reversals of impairment losses) are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value changes recognized in OCI are recycled to profit or loss.

For equity instruments, the Company, upon initial recognition, may elect to classify irrevocably its equity investment as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains or losses on these financial assets are never recycled into profit or loss. Dividends are recognized in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company has no financial assets classified under this category.

c. Financial Assets at FVTPL. This classification pertains to financial assets that are not designated as either at amortized cost or at FVOCI. However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income.

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statements of financial position at fair value with net changes in fair value recognized in the statements of comprehensive income.

The Company has no financial assets classified under this category.

Impairment of Financial Assets. The Company recognizes a loss allowance for expected credit losses (ECLs) on a financial asset that is measured at amortized cost or FVOCI, a lease receivable, a contract asset, or a loan commitment, and a financial guarantee contract to which the impairment requirements

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company recognizes in profit or loss the amount of the change in lifetime ECLs as an impairment gain or loss and recognizes favorable changes in lifetime ECLs as an impairment gain, even if the lifetime ECLs are less than the amount of ECLs that were included in the estimated cash flows on initial recognition.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Derecognition of a financial asset. 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 a 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 the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Financial Liabilities at FVTPL. Financial liabilities are classified under this category through the fair value option.

The Company carries financial liabilities at FVTPL using their fair values and reports fair value changes as part of the statements of comprehensive income. Any interest expense incurred shall be recognized as part of "Interest expense" in the statements of comprehensive income.

The Company has no financial liabilities classified under this category.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVTPL. After the initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

Included in this category are the Company's accounts payable, accrued expenses, and lease liability.

Derecognition of Financial Liabilities. A financial liability is derecognized when the obligation under the liability is 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.

Classification of Financial Instruments between Debt and Equity

From the perspective of the issuer, a financial instrument is classified as a debt instrument if it provides for a contractual obligation to:

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

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

Offsetting of Financial Instruments

Financial assets and financial 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented as gross in the statements of financial position.

Prepaid Expenses

Prepaid expenses are carried at cost. These are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred.

Property and Equipment

Property and equipment are measured initially at cost. After initial recognition, property and equipment are carried at cost less accumulated depreciation and amortization, and any accumulated impairment losses.

The initial cost of property and equipment consists of the purchase price, including any directly attributable costs in bringing the asset to its working condition and location necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance, and overhaul costs, are normally recognized as expenses in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future

economic benefits expected to be obtained from the use of an item of property and equipment beyond the originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. Major spare parts and servicing equipment are recognized as part of the property and equipment.

Depreciation and amortization of property and equipment begin when it becomes available for use and cease at the earlier date that an item of property and equipment is classified as held-for-sale or derecognized.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the property.

	Years
Furniture and fixtures	5
Leasehold improvements	5
Office equipment (laptops, desktops, printers)	3
Office equipment (other than aforementioned)	5

Leasehold improvements are amortized over the estimated useful life of the improvements or the term of the lease, whichever is shorter.

The useful life of the property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets and is reviewed and adjusted, if appropriate, periodically to ensure that such periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use, and no further depreciation and amortization are charged to current operations.

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

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Internally generated intangible assets, excluding capitalized development costs, are not capitalized, and expenditure is charged against profits in the year in which the expenditure is incurred. Subsequently, intangible assets are measured at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that they may be impaired. The amortization period and method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statements of comprehensive income in the expense category consistent with the function of the intangible assets.

The Company's intangible assets pertain to computer software and licenses. Amortization of computer software and licenses is computed using the straight-line method of 5 years. Acquired systems or software under the development phase are not amortized until such time that the relevant assets are completed and put into operational use.

Gains or losses arising from the disposal of intangible assets are measured as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the statements of comprehensive income when the assets are derecognized.

Impairment of Nonfinancial Assets

The carrying values of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses of continuing operations are recognized in the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

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

Current and Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on current/noncurrent classification.

An asset is current when:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as noncurrent.

A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

The Company, in estimating the fair value, takes into account the characteristics of the asset or liability being measured that a market participant would take into account when pricing the asset or liability at the measurement date. With respect to the fair value measurement of financial or non-financial liability or equity or the Company's own equity instruments, the assumption is that it is transferred to a market participant at the measurement date, without settlement, extinguishment, or cancellation at the measurement date. The fair value measurement of liability also assumes that it reflects non-performance risk (the risk that the entity will not fulfill its obligation), including the Company's own credit risk and assumes the same non-performance risk before and after the transfer of the liability. For non-financial assets, the Company takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use. The Company also utilizes valuation techniques appropriate to 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.

For financial reporting purposes, fair value measurements are categorized into Levels 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

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

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.

Capital Stock

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

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss net of dividend distributions, effects of changes in accounting policies, restatements, and other capital adjustments.

Dividend distributions are recognized as a liability and deducted from retained earnings when approved by the BOD of the Company. Dividends for the year that are approved after the end of the reporting period are dealt with as an event after the reporting period.

Revenue Recognition

The Company recognized revenue when (or as) it satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. An asset is transferred when (or as) the customer obtains control of the asset.

The following specific recognition criteria must also be met for each of the Company's activities before revenue is recognized:

Commission income. Revenue from insurance brokering services is recognized when the services have been performed and the insurance premium has been collected. The revenue is adjusted when there are cancellations or additions to insurance coverage.

Interest income. Revenue is recognized using the effective interest method.

Other income. Revenue is recognized when earned.

Costs and Expenses Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen, and such can be measured reliably.

Cost of services. Cost is recognized as an expense when the related services have been substantially rendered.

General and administrative expenses. The expenses are recognized when incurred.

Interest expense. The expense is recognized as the interest accrues, taking into account the effective yield on the liability.

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency rate of exchange at the end of the reporting period. All differences are taken to the statements of comprehensive income.

Leases

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

Company as lessee

Right-of-use assets. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless it is reasonably certain that the Company obtains ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities. At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including, in substance, fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payments of penalties or terminating a lease if the lease term reflects exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments, or a change in the assessment to purchase the underlying asset.

Short-term leases and low-value assets. The Company applies the short-term lease recognition exemption to short-term leases (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). The Company also applies the lease of low-value assets recognition exemption to leases that are considered of low value. 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.

Employee Benefits

Short-term Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the reporting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses, and other non-monetary benefits, if any.

Retirement Benefits. The Company has a defined benefit retirement plan covering all permanent employees. Retirement benefit costs are actuarially computed using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in equity and are not reclassified to profit or loss in the subsequent period.

Actuarial valuations are conducted with sufficient regularity, with an option to accelerate when significant changes to underlying assumptions occur.

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

Defined benefit costs comprise the following:

- Service costs
- Net interest on the net defined benefit retirement liability or asset
- Remeasurements of net defined benefit retirement liability or asset

Service costs, which include current service costs, past service costs, and gains or losses on nonroutine settlements, are recognized as expenses in profit or loss. Past service costs are recognized when a plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary using the projected unit credit method.

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

Remeasurements of net defined benefit retirement liability or asset comprising actuarial gains and losses, return on plan assets, and the effect of the asset ceiling (excluding net interest) are recognized immediately in other comprehensive income in the period in which they arise.

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

Taxes

Current tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

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

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

Deferred income tax assets and liabilities are not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in subsidiaries and affiliates.

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

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statements of comprehensive income.

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

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

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

The net amount of VAT payable to the taxation authority is presented as “Output tax payable - net” under the “Other current liabilities” in the Company’s statements of financial position.

VAT on unpaid purchases of services is recognized as “Deferred input tax” as at the reporting date. The amounts become recoverable from the taxation authority when the related purchases of services are actually paid. Starting January 2024, all VAT on the sale and purchase of services will be recognized outright using the accrual basis as mandated by Republic Act (R.A.) No. 11976, “The Ease of Paying Taxes Act” (EOPT Act).

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. 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 the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in 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 are disclosed when an inflow of economic benefit is probable.

Events after the Reporting Period

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

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in conformity with PFRS Accounting Standards requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the financial statements are based upon management’s evaluation of relevant facts and circumstances that are believed to be reasonable as of the date of the financial statements. While the Company believes that the assumptions are reasonable and appropriate, differences in the actual experience or changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgments

In the process of applying the Company’s accounting policies, management has made the following judgments, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognized in the financial statements.

Classification of financial instruments

The Company classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability, or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Company’s statements of financial position.

The Company determines the classification at initial recognition depending on the business model of the Company for managing the financial assets and the contractual cash flow characteristics of the financial assets and does not re-evaluate this classification unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

Estimates and Assumptions

The key estimates and assumptions are based on management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates. The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting period, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provision for ECLs of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for the grouping of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults in the insurance industry, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated, and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

Estimated useful lives of property and equipment

The Company estimates the useful lives of property and equipment based on the period over which the properties are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on a collective assessment of industry practice, internal technical evaluation, and experience with similar assets. However, it is possible that future results of operations could materially be affected by changes in the estimates brought about by changes in the factors mentioned above. The amount and timing of recording the depreciation and amortization for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded depreciation and amortization and decrease the noncurrent assets.

The carrying amounts of property and equipment are presented in Note 8.

Estimating useful lives of intangible assets with finite lives

Intangible assets with finite lives are amortized over their expected useful lives using the straight-line method of amortization. At a minimum, the amortization method and the amortization period for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statements of comprehensive income.

The carrying amounts of intangible assets are presented in Note 9.

Determination of impairment on nonfinancial assets

The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate the carrying amount of these assets may not be recoverable. The factors that the Company considers important, which could trigger an impairment review, include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for the overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and its value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction, while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the financial statements.

No indications of impairment were noted as at December 31, 2025 and 2024.

Fair value measurements

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

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

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

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

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

The fair value measurements of financial assets and liabilities are disclosed in Note 22.

Recognition of deferred tax assets and liabilities

The Company reviews its deferred tax assets at each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. The Company reviews its deferred tax liabilities by assessing the level of certainty that the taxable temporary differences identified will give rise to future tax charges.

Deferred tax assets and liability are disclosed in Note 20.

Revenue recognition

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result in material adjustments in future periods.

Determination of lease commitments

The Company determined that the contract for the use of office space constitutes a lease. The Company assessed that it has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct its use.

Estimation of ROU assets and lease liabilities

The Company determines lease payments, lease terms, and discount rates at the commencement date of a lease. The lease terms comprise a non-cancellable period of the lease contract. The Company uses its incremental borrowing rate as a basis for the discount rate, which is the rate that the Company would have to pay to borrow over a similar value to the ROU assets in a similar economic environment.

ROU asset and lease liability are disclosed in Note 17.

Employees retirement benefits

The determination of the Company's obligation and cost of pension benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected return on plan assets, and salary rate increases. Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. 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 employees retirement benefits expense and obligations.

Employees retirement benefits expense and liability are disclosed in Note 19.

5. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	₱ 20,000	₱ 14,000
Cash in banks	33,211,869	38,323,081
Cash equivalents	98,650,272	45,990,826
	₱ 131,882,141	₱ 84,327,907

Cash on hand refers to the petty cash fund maintained by the Company to facilitate payments for minor expenditures.

Cash in banks refer to unrestricted savings and checking accounts in local banks, which earn interest at the prevailing bank deposit rates.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, normally with original maturities of three months or less from the date of acquisition and that are subject to an insignificant risk of change in value. Cash equivalents earn interest at prevailing short-term investment rates.

For the years ended December 31, 2025 and 2024, interest earned, net of final tax, on cash in banks and cash equivalents amounted to ₱2,674,828 and ₱2,184,732, respectively. The unrealized gain on foreign exchange in 2025 and 2024 amounted to ₱95,153 and ₱238,912, respectively (Note 16).

6. Trade and Other Receivables – net

	2 0 2 5	2 0 2 4
Commission receivable	P 33,340,991	P 34,587,004
Advances to officers and employees		
Operational	30,177	20,000
Personal	235,261	64,131
Miscellaneous receivables	1,388,595	1,145,940
Total	34,995,024	35,817,075
Allowance for ECLs	(13,639,350)	(10,409,074)
	P 21,355,674	P 25,408,001

Commission receivable represents commissions due from insurance companies which are collectible within the next operating cycle.

Advances to officers and employees - operational are non-interest-bearing cash advances primarily issued to officers and regular employees of the Company, which are intended for various operational activities. Cash advances are usually settled within 30 days after the completion of the related activity.

Advances to officers and employees - personal represent loans availed by officers and employees that are collectible through salary deduction.

Miscellaneous receivables represent brokerage and service fees from various companies which are collectible within the next operating cycle.

Movements in allowance for ECLs are as follows:

	2 0 2 5	2 0 2 4
Balance at beginning of year	P 10,409,074	P 8,451,257
Provision during the year (Note 15)	3,230,276	1,957,817
Balance at end of year	P 13,639,350	P 10,409,074

Aging of trade and other receivables is as follows:

December 31, 2025

	Commission Receivable	Advances to Officers and Employees	Miscellaneous Receivables	Total
Current	P 4,758,539	P 265,438	P -	P 5,023,977
Past Due				
1 - 30 days	1,446,686	-	-	1,446,686
31 to 60 days	875,442	-	-	875,442
61 to 90 days	1,970,364	-	-	1,970,364
Over 90 days	24,289,960	-	1,388,595	25,678,555
	P 33,340,991	P 265,438	P 1,388,595	P 34,995,024

December 31, 2024

	Commission Receivable	Advances to Officers and Employees	Miscellaneous Receivables	Total
Current	P 6,374,399	P 84,131	P -	P 6,458,530
Past Due				
1 - 30 days	3,832,161	-	-	3,832,161
31 to 60 days	2,480,137	-	-	2,480,137
61 to 90 days	814,616	-	-	814,616
Over 90 days	21,085,691	-	1,145,940	22,231,631
	P 34,587,004	P 84,131	P 1,145,940	P 35,817,075

7. Other Current Assets

	2025	2024
Prepaid expenses	P 168,230	P 308,680
Deferred input tax	95,251	62,168
	P 263,481	P 370,848

Prepaid expenses pertain to the advance renewal of the license with the IC, as well as prepayments for insurance and subscriptions, which will be applied in the following period.

Deferred input tax pertains to VAT on the unpaid purchase of services. The amounts become available for deduction from VAT payments once the corresponding services have been paid for.

8. Property and Equipment – net

The movements in this account for the years ended December 31 are as follows:

	2025			
	Office Equipment	Furniture & Fixtures	Leasehold Improvements	Total
Cost				
Balance at beginning of year	P 3,141,883	P 958,357	P 3,414,413	P 7,514,653
Additions	418,897	-	-	418,897
Disposal	-	-	-	-
Balance at end of year	3,560,780	958,357	3,414,413	7,933,550
Accumulated depreciation and amortization				
Balance at beginning of year	2,444,733	913,989	3,378,641	6,737,363
Additions	433,214	25,724	33,035	491,973
Disposal	-	-	-	-
Balance at end of year	2,877,947	939,713	3,411,676	7,229,336
Net Book Value	P 682,833	P 18,644	P 2,737	P 704,214

	2 0 2 4			
	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost				
Balance at beginning of year	P 2,909,698	P 950,399	P 3,414,413	P 7,274,510
Additions	383,346	7,958	-	391,304
Disposal	(151,161)	-	-	(151,161)
Balance at end of year	3,141,883	958,357	3,414,413	7,514,653
Accumulated depreciation and amortization				
Balance at beginning of year	2,202,131	889,459	3,343,897	6,435,487
Additions	393,763	24,530	34,744	453,037
Disposal	(151,161)	-	-	(151,161)
Balance at end of year	2,444,733	913,989	3,378,641	6,737,363
Net Book Value	P 697,150	P 44,368	P 35,772	P 777,290

The Company sold its fully depreciated office equipment resulting in a gain on sale of P14,341 in 2024 (Note 16).

Depreciation charged to general and administrative expenses amounted to P491,973 and P453,037 in 2025 and 2024, respectively (Note 15).

There were no items of property and equipment mortgaged or pledged as securities for liabilities. No contractual commitments were made for the acquisition of property and equipment as at December 31, 2025 and 2024.

9. Intangible Assets – net

This account pertains to the accounting software used by the Company for insurance brokering, IIBS.

The movements in this account for the years ended December 31 are as follows:

	2 0 2 4	Additions	Disposals	2 0 2 5
Cost				
IIBS Software	P 1,151,518	P -	P -	P 1,151,518
Systems development in progress	4,823,383	1,404,908	-	6,228,291
	5,974,901	1,404,908	-	7,379,809
Accumulated amortization				
IIBS Software	1,151,517	-	-	1,151,517
Systems development in progress	-	-	-	-
	1,151,517	-	-	1,151,517
	P 4,823,384			P 6,228,292

	2 0 2 3	Additions	Disposals	2 0 2 4
Cost				
IIBS Software	P 1,151,518	P -	P -	P 1,151,518
Systems development in progress	4,495,025	328,358	-	4,823,383
	5,646,543	328,358	-	5,974,901
Accumulated amortization				
IIBS Software	1,151,517	-	-	1,151,517
Systems development in progress	-	-	-	-
	1,151,517	-	-	1,151,517
	P 4,495,026			P 4,823,384

No items were mortgaged as securities for liabilities as at December 31, 2025 and 2024.

10. Accounts Payable and Accrued Expenses

	2025	2024
Accounts payable	₱ 13,129,573	₱ 16,177,077
Accrued expenses	980,816	786,522
	₱ 14,110,389	₱ 16,963,599

Accounts payable consist of short-term obligations to local suppliers of goods and services based on normal credit terms and do not bear interest.

Accrued expenses pertain to obligations to local suppliers of goods and services that have been incurred as at the reporting date, but billings are received only in the subsequent year.

Details of significant accrued expenses are as follows:

	2025	2024
Transportation and travelling	₱ 324,747	₱ 324,747
Communication, light and water	286,263	192,778
Professional fee	114,971	42,235
Repairs and maintenance	61,619	25,260
Employees welfare	58,121	66,407
Others	135,095	135,095
	₱ 980,816	₱ 786,522

11. Other Current Liabilities

	2025	2024
Deferred output tax	₱ 1,856,547	₱ 2,116,568
Withholding taxes payable	435,709	1,163,380
Output tax payable - net	2,235,126	1,844,570
SSS, EC, Philhealth, and HDMF premiums payable	277,990	106,527
	₱ 4,805,372	₱ 5,231,045

Deferred output tax pertains to the VAT on uncollected commission income recognized before the effectivity of the EOPT Act from various insurance companies.

Withholding taxes payable represent expanded tax withheld from payments made to various suppliers, both individuals and corporations, with tax rates ranging from 1% to 15%, and those withheld from compensation. This amount is remitted to the tax authorities in the subsequent filing period.

Output tax payable – net consists of VAT from the collection of commission income. The amounts presented in the statements of financial position as at December 31, 2025 and 2024 are net of creditable input tax amounting to ₱541,481 and ₱1,205,283, respectively. This amount is remitted to the tax authorities in the subsequent filing period.

SSS, EC, Philhealth, and HDMF premiums payable are statutory obligations deducted from the salaries of employees and normally remitted in the following filing period.

12. Equity

Capital Stock

As at December 31, 2025 and 2024, the authorized capital stock and the number of shares issued and outstanding are as follows:

Authorized - 240,000 common shares	P	24,000,000
Issued, outstanding and fully paid - 240,000 shares	P	24,000,000

The par value of common shares is P100 per share. All outstanding shares have equal voting rights at the general meeting and are entitled to receive dividends.

Appropriated Retained Earnings

The table below shows the summary of appropriation as at December 31, 2025:

Purpose and Nature of Appropriation	Date of Board Resolution	Amount	No. of Years to Implement
Expansion projects and business development	December 12, 2025	P 54,000,000	within 5 years
Investment in technology to support business expansion	December 12, 2024	41,000,000	within 5 years
Future business expansion	December 19, 2023	20,000,000	within 5 years
Future business expansion	December 29, 2023	4,000,000	within 5 years
		P 119,000,000	

Declaration of Cash Dividends

On December 19, 2023, the BOD approved the declaration of cash dividends to stockholders of record as of that date, amounting to P23 million or P95.83 per share. The payment date was on December 12, 2024.

13. Commission Income

	2025	2024
Type of insurance commission income:		
Ocean marine	P 25,642,335	P 23,709,951
Health	19,573,446	7,981,579
Property	17,655,493	16,681,187
Motor car	12,149,854	8,091,481
Life	4,616,782	3,460,821
Bond	2,695,339	3,054,213
Accident	2,658,090	1,504,804
Aviation	2,608,554	1,644,695
Engineering	2,339,399	6,865,119
Liability	1,107,691	950,600
Miscellaneous	289,996	163,154
	P 91,336,979	P 74,107,604

14. Cost of Services

	2025	2024
Salaries, wages and bonuses	₱ 12,300,166	₱ 7,405,454
SSS, EC, Philhealth, and HDMF premiums	887,483	541,823
Employees welfare	199,174	156,052
Professional fees	-	2,384,226
	₱ 13,386,823	₱ 10,487,555

15. General and Administrative Expenses

	2025	2024
Management fee (Note 17)	₱ 7,694,373	₱ 7,124,419
Provision for ECLs (Note 6)	3,230,276	1,957,817
Depreciation and amortization (Notes 8, 17)	1,993,596	1,779,662
Employees welfare	1,443,298	768,743
Professional fees	971,618	780,360
Taxes and licenses	804,519	840,340
Communication, light and water	670,177	626,296
Supplies and stationeries	405,288	481,776
Insurance	375,709	348,701
Repairs and maintenance	359,512	319,094
Employees retirement benefits (Note 19)	351,802	377,353
Entertainment and representation	296,782	383,000
Dues and subscription	282,035	260,133
Advertising and promotion	130,788	-
Transportation and travelling	49,213	66,613
Miscellaneous	161,378	1,533,400
	₱ 19,220,364	₱ 17,647,707

16. Other Income - net

	2025	2024
Interest - net of final tax (Note 5)	₱ 2,674,828	₱ 2,184,732
Unrealized gain on foreign exchange (Note 5)	95,153	238,912
Gain on sale of property and equipment (Note 8)	-	14,341
Miscellaneous	676,261	348,007
	₱ 3,446,242	₱ 2,785,992

Miscellaneous income consists of brokerage and service fees from various companies.

17. Significant Agreements**Lease Agreement**

The Company entered into a lease agreement with United Laboratories, Inc. for its office space. The lease shall be for a period of four (4) years, from January 1, 2024 to December 31, 2027, unless terminated sooner. The agreement may be renewed under such terms and conditions mutually agreed upon by the parties. The monthly rental fee is ₱120,610, with an annual escalation rate of 5%.

In 2025, agreement was amended to reflect the agreed increase in the leased area.

Right-of-Use of Asset

The movements in the ROU asset for the years ended December 31 are as follows:

	2 0 2 5		2 0 2 4	
Cost				
Balance at beginning of year	₱	5,306,501	₱	-
Additions		1,574,976		5,306,501
Balance at end of year		6,881,477		5,306,501
Accumulated Amortization				
Balance at beginning of year		1,326,625		-
Amortization during the year (Note 15)		1,501,623		1,326,625
Balance at end of year		2,828,248		1,326,625
Net Book Value	₱	4,053,229	₱	3,979,876

Lease Liability

The balances and movements in lease liability for the years ended December 31 are as follows:

	2 0 2 5		2 0 2 4	
Balance at beginning of year	₱	4,241,137	₱	-
Additions		1,574,976		5,306,501
Rental payments		(1,700,152)		(1,447,324)
Interest		323,370		381,960
Balance at end of year		4,439,331		4,241,137
Current portion		(2,072,266)		(1,227,877)
Noncurrent portion	₱	2,367,065	₱	3,013,260

The interest refers to the portion of lease payments that represents interest in the lease liability. The interest is computed based on the rate that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the cost of the right-of-use asset in a similar economic environment.

Minimum lease payments under the non-cancellable operating lease are as follows:

	2 0 2 5		2 0 2 4	
Within one year	₱	2,353,614	₱	1,519,690
More than one year		2,471,294		3,271,134
	₱	4,824,908	₱	4,790,824

Management Agreement

The Company entered into an agreement with UNILAB, INC., for the overall management of the Company's business operations. In consideration of the services received, the Company shall pay a management fee of ₱7.12 million, VAT exclusive, annually subject to 8% escalation rate. This agreement shall be for 3 years, beginning January 1, 2024, until December 31, 2026. This agreement is renewable every year unless revoked or otherwise terminated by either party.

18. Related Party Transactions

Entities and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Parent Company, including subsidiaries, are treated as related parties.

Individuals owning, directly or indirectly, an interest in the voting power, give them significant influence over the entity. Key management personnel, including directors and officers of the Parent Company and close members of the family of these individuals, and companies associated with these individuals are also treated as related parties.

The Company, in its normal course of business, has transactions with related parties which consist mainly of the availment of noninterest-bearing cash advances with no definite repayment dates. Settlements are usually made in cash.

The Company has no related party transactions for the years 2025 and 2024.

Key Management Personnel Compensation Benefits

There were no key management personnel compensation, or benefits in 2025 and 2024.

19. Employees' Retirement Benefits

In 2021, the BOD of the Parent Company established the "United Multiemployer Retirement Plan 3" (the Plan). The new multiemployer plan was collectively established with the objective of consolidating all retirement obligations and the respective retirement plan assets into one plan where all participating entities share the same employees' retirement benefits.

The Plan is administered by the Board of Trustees, who are responsible for the general administration of the Retirement Plan and the management of the Retirement Fund. The amount and timing of contributions to the Retirement Fund, if any, to support the defined benefits are at the Company's discretion. However, in the event a defined benefit claim arises and the Retirement Fund, if available, is insufficient to pay the claim, the shortfall will then be due and payable from the Company to the Retirement Fund.

The Company's estimated annual cost is determined in accordance with the actuarial studies made for the Plan and is determined using the projected unit credit method. The valuations are obtained on a periodic basis.

The Plan is an unincorporated entity and is registered with the Philippine Bureau of Internal Revenue on February 18, 2021, with Certificate of Tax Exemption No. 014-2021.

There were no contributions made by the Company in favor of the retirement plan in 2025 and 2024.

The Company obtained an updated actuarial valuation as at December 31, 2025 and 2024 to ascertain its liability in accordance with PAS 19, *Employee Benefits*, as discussed in Note 3.

Portability

A member transferring from the service of the Company to another participating company shall be allowed to carry his membership and retirement credits in the Plan. Retirement credits shall be determined in accordance with the Normal Retirement Benefit formula. Said retirement credits shall be transferred from the retirement sub-fund of his former company to that of his new company. The new company then shall consider the entire Credited Service of the member, including his services with the former Company, when said member separates or retires from the new company.

The following tables summarize the components of the employees' retirement benefits cost in the statements of comprehensive income and the "Employees' retirement benefits liability" account in the statements of financial position.

Components of employees' retirement benefit costs are as follows:

	2025	2024
Service cost:		
Current service cost	P 230,615	P 253,530
Interest cost	121,187	123,823
Components of defined benefit cost recognized in profit or loss	351,802	377,353
Actuarial loss (gain) in OCI - net of tax		
Loss in DBO from changes in financial assumptions	15,614	10,463
Gain in DBO from changes in demographic assumptions	-	(372,604)
Loss in DBO due to experience	372,867	56,585
Components of defined benefit cost recognized in OCI	388,481	(305,556)
	P 740,283	P 71,797

Movements of the net defined benefit liability are as follows:

	2025	2024
Balance at beginning of year	P 1,993,200	P 2,023,255
Interest expense	121,187	123,823
Current service cost	230,615	253,530
Remeasurement loss (gain) in OCI	517,975	(407,408)
Balance at end of year	P 2,862,977	P 1,993,200

Net defined benefit liability recognized in the statements of financial position are as follows:

	2025	2024
Present value of defined benefit obligation	P 2,862,977	P 1,993,200
Fair value on plan assets	-	-
	P 2,862,977	P 1,993,200

Significant assumptions and risks

Inherent in a defined benefit plan for employees are several risks associated with meeting the defined benefit obligation as it becomes due, such as asset volatility, effects of compensation increase, and changes in interest rates, inflation, and life expectancy. Each of these risks can have a material impact on the defined benefit obligation in any given year. In order to mitigate these risks, market rates, rates of increase in compensation, and other significant assumptions used to measure the defined benefit plan, as well as the composition of investment portfolios, are reviewed on a regular basis.

Principal Assumptions

	2025	2024
Discount rate	6.53%	6.08%
Rate on increase in compensation	8.00%	7.50%

Sensitivity analysis on defined benefit obligation

The following sensitivity analysis describes the effects of possible adjustments in the material actuarial assumptions for the measurement of the defined benefit obligation. A change in the measurement assumptions to the extent described below, with otherwise unchanged assumptions, would have impacted the defined benefit obligation as follows:

	2025	2024
Defined benefit obligation	₱ 2,862,977	₱ 1,993,200
Discount rate + 100 basic points	(440,077)	(319,133)
Discount rate - 100 basic points	529,069	385,566
Salary rate + 100 basic points	515,955	376,141
Salary rate - 100 basic points	(438,315)	(317,989)
Turnover rate = 0%	2,653,768	2,137,718

100% basic points is equivalent to 1%

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the present value of the defined benefit obligation assumption has been calculated using the projected unit credit method at the end of the reporting period, which is the same method applied in calculating the defined benefit obligation liability recognized in the statements of financial position.

Future cash flows

No benefits are expected to be paid within the next 10 years.

20. Income Tax

Income Tax Expense

The components of income tax expense are as follows:

	2025	2024
Current	₱ 11,793,963	₱ 9,597,360
Deferred	(902,941)	(589,380)
	₱ 10,891,022	₱ 9,007,980

The current tax expense is computed based on RCIT in 2025 and 2024.

The reconciliation of income tax expense computed at the statutory tax rate of 25% to income tax expense as shown in the statements of comprehensive income is as follows:

	2025	2024
Income before income tax expense	₱ 61,852,664	₱ 48,376,374
Income tax at statutory rate	15,463,166	12,094,094
Adjustments to income tax expense resulting from:		
Interest income subject to final tax	(668,707)	(546,183)
Effect of availment of		
Optional Standard Deduction (OSD)	(3,903,437)	(2,539,931)
Income tax expense	₱ 10,891,022	₱ 9,007,980

Creditable Income Tax

The movements of this account are as follows:

	2 0 2 5	2 0 2 4
Balance at beginning of year	₱ 9,306,815	₱ 7,239,969
Creditable taxes withheld during the year	14,324,052	11,664,206
Income tax due applied	(11,793,963)	(9,597,360)
Balance at end of year	₱ 11,836,904	₱ 9,306,815

Deferred Tax Assets – net

	2 0 2 5	2 0 2 4
Deferred tax assets:		
Allowance for ECLs	₱ 3,409,838	₱ 2,602,269
Accrued employees retirement benefits cost	715,744	498,300
Lease liability under PFRS 16	96,526	65,315
	4,222,108	3,165,884
Deferred tax liability:		
Unrealized foreign exchange gain	(95,570)	(71,781)
	₱ 4,126,538	₱ 3,094,103

EOPT Act

On January 5, 2024, R.A. No. 11976, “EOPT Act”, was passed into law. The new law aims to enhance the Philippine tax system and revenue collection by streamlining tax administration. The Ease of Paying Taxes Act amends certain sections of the National Internal Revenue Code (NIRC) of 1997, as amended, and introduces specific provisions that will notably affect taxpayers.

The salient features of R.A. No. 11976 are as follows:

- Taxpayers are now classified into four categories according to their gross sales, namely: micro, small, medium, and large.
- Electronic or manual filing of returns and payment taxes can now be made to any revenue district office, any authorized agent bank, or authorized tax software provider.
- Removal of the annual registration fee of five hundred pesos (₱500), effective January 22, 2024. Consequently, business taxpayers are now exempt from filing the Bureau Internal Revenue (BIR) Form No. 0605 and the payment thereof.
- Disallowance of expenses due to non-withholding has now been repealed.
- Classification of VAT refund claims into low, medium, and high-risk. VAT refund claims categorized as medium- and high-risk will be subject to audit and verification processes.
- Elimination of the distinction between documentation and the basis of sales of goods and services.
- For claiming input tax credit, the business style as required information in the sales invoice is no longer needed.
- Increases the amount from one hundred pesos (₱100) for the mandatory issuance of receipts for each sale and transfer of goods and services to five hundred pesos (₱500), subject to adjustment every three years using the consumer price index (CPI); it is provided, however, that the seller shall issue invoices when the buyer requires irrespective of the amount.
- Special Concessions for micro- and small taxpayers, such as (a) a reduced number of income tax return (ITR) pages from four (4) to two (2) pages; (b) a reduced rate of 10% for civil penalties under Sec. 248 of the NIRC; (c) a fifty percent (50%) reduction on the interest rate imposed under Sec. 249 of the NIRC; (d) a reduced fine of five hundred pesos (₱500) as a penalty for failure to file certain information returns as provided under Sec. 250 of the NIRC; and (e) a reduced compromise penalty rate of at least fifty percent (50%).
- Digitalization of BIR services via the implementation of an integrated, automated system for basic tax services and the development of a digitalization roadmap.
- Establishes a 180-day period for processing claims for refund of erroneous or illegal tax collection.

21. Financial Risk Management

The Company's principal financial instruments are composed of cash in banks and cash equivalents, commission receivable, advances to officers and employees – personal, miscellaneous receivable, accounts payables, accrued expenses, and lease liability which arise directly from its operations. The main risks arising from the use of these financial instruments are market risk, credit risk, and liquidity risk. These risks are managed by the Company.

Market Risk

Market risk is the risk of a change in market prices, such as foreign exchange rates, interest rates, and other market prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. The Company is subject to risk from changes in interest rates.

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates is primarily related to its cash in banks and cash equivalents. The Company's interest rate risk exposure relates to the bank lending rate. The Company's interest-bearing financial instruments amounted to ₱131,862,141 and ₱84,313,907 as at December 31, 2025 and 2024, respectively.

A one percent (1%) increase in interest rates would have increased the equity and profits for the years ended December 31, 2025 and 2024 by ₱26,748 and ₱21,847, respectively. A one percent (1%) decrease in interest rates would have an equal but opposite effect, on the basis that all other variables remain constant.

The Company considers the interest rate risk to be minimal or insignificant on its financial statements.

Foreign Currency Risk

The Company's foreign currency risk primarily results from movements in the Philippine Peso (PHP) against the U.S. Dollar (USD).

The table below shows the exposure of the Company to foreign exchange risk as at December 31:

	2 0 2 5		2 0 2 4	
	Amount in		Amount in	
	PHP	USD	PHP	USD
Cash and cash equivalents	₱ 5,086,091	\$ 86,513	₱ 4,382,757	\$ 75,767

The table below shows the sensitivity of the Company's equity and profits arising from financial assets denominated in USD to a reasonably possible change in the exchange rate, with all other variables held constant.

	Effect on equity and profits	
	2 0 2 5	2 0 2 4
5% increase in USD exchange rate	₱ 254,305	₱ 219,138
5% decrease in USD exchange rate	₱ (254,305)	₱ (219,138)

Credit Risk

Credit risk, or the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation, is controlled by the application of credit approvals, limits, and monitoring procedures. It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk.

The Company's credit risk is primarily attributable to cash in banks and cash equivalents where the Company's funds are deposited, including collections from commission receivables. The Company manages and controls credit risk by transacting with reputable local banks with no history of default on the agreed terms of the contract, adopting stringent procedures in extending credit to customers

and monitoring its exposure to credit risk on a continuous basis. The Company also ensures that transactions are made to parties with an appropriate credit history and has an internal mechanism to monitor the granting of credit and manage credit exposures. The Company has made provisions, where necessary, for potential losses on extended credits.

The table below shows the maximum exposure to credit risk for the components of statements of financial position as at December 31, 2025 and 2024:

	2025	2024
Cash in banks and cash equivalents	P 131,862,141	P 84,313,907
Trade and other receivables		
Commission receivable - net	19,701,641	24,177,930
Advances to officers and employees - personal	235,261	64,131
Miscellaneous receivables	1,388,595	1,145,940
	P 153,187,638	P 109,701,908

Credit quality per class of financial asset

The tables below show the credit quality by class of financial asset based on the Company's credit rating system as at December 31, 2025 and 2024, respectively:

	2025		
	Financial Assets that are Neither Past Due nor Impaired		
	High-Grade	Standard-Grade	Total
Cash in banks and cash equivalents	P 131,862,141	P -	P 131,862,141
Commission receivable	-	4,758,539	4,758,539
Advances to officers and employees - personal	-	235,261	235,261
	P 131,862,141	P 4,993,800	P 136,855,941

	2024		
	Financial Assets that are Neither Past Due nor Impaired		
	High-Grade	Standard-Grade	Total
Cash in banks and cash equivalents	P 84,313,907	P -	P 84,313,907
Commission receivable	-	6,374,399	6,374,399
Advances to officers and employees - personal	-	64,131	64,131
	P 84,313,907	P 6,438,530	P 90,752,437

The Company evaluates credit quality on the basis of the credit strength of the security and/or counterparty/issuer. High-grade financial assets reflect the investment-grade quality of the investments and/or counterparty; realizability is thus assured. Standard-grade assets are considered moderately realizable.

Financial assets that are past due but not impaired

The tables below show the aging analysis of past-due but not the impaired receivables per class that the Company held for 2025 and 2024. Under PFRS 7, a financial asset is past due when a counterparty fails to make a payment when contractually due.

December 31, 2025

	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Commission receivable	₱ 1,446,686	₱ 875,442	₱ 1,970,364	₱ 10,650,610	₱ 14,943,102
Miscellaneous receivable	-	-	-	1,388,595	1,388,595
	₱ 1,446,686	₱ 875,442	₱ 1,970,364	₱ 12,039,205	₱ 16,331,697

December 31, 2024

	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Commission receivable	₱ 3,832,161	₱ 2,480,137	₱ 814,616	₱ 10,676,617	₱ 17,803,531
Miscellaneous receivable	-	-	-	1,145,940	1,145,940
	₱ 3,832,161	₱ 2,480,137	₱ 814,616	₱ 11,822,557	₱ 18,949,471

Liquidity Risk

Liquidity risk is defined as the risk that the fund may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Company ensures that the investments have ample liquidity to finance operations and capital requirements.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done primarily by investing in highly liquid investments. The Company is exposed to liquidity risk arising from its accounts payable, accrued expenses, dividends payable, and lease liability.

The tables below summarize the maturity profile of the Company's financial liabilities as at December 31, 2025 and 2024, respectively, based on undiscounted contractual payments.

December 31, 2025

	Within 6 months	6 to 12 months	Over 1 year	Total
Accounts payable and accrued expenses	₱ 14,110,389	₱ -	₱ -	₱ 14,110,389
Lease liability	1,176,807	1,176,807	2,471,294	4,824,908
	₱ 15,287,196	₱ 1,176,807	₱ 2,471,294	₱ 18,935,297

December 31, 2024

	Within 6 months	6 to 12 months	Over 1 year	Total
Accounts payable and accrued expenses	₱ 16,963,599	₱ -	₱ -	₱ 16,963,599
Lease liability	759,845	759,845	3,271,134	4,790,824
	₱ 17,723,444	₱ 759,845	₱ 3,271,134	₱ 21,754,423

Capital Management

The Company's objective when managing capital is to increase the value of shareholders' investment. The Company sets strategies with the objective of establishing a sound capital structure.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of its activities.

No changes were made to the objectives, policies, and processes from the previous year. The capital considered by the management is the same as that indicated in the equity portion of the statements of financial position.

In compliance with IC Memorandum Circular No. 2026-05 and IC Memorandum Circular No. 2018-52, the Company is required to maintain as at December 31, 2025, a net worth of ₱25 million as an existing licensed insurance broker intending to apply for an HMO broker license, and as at December 31, 2024, ₱10 million as a licensed insurance broker. As at December 31, 2025 and 2024, the Company has complied with the requirement.

The Company monitors capital on the basis of debt-to-equity ratio. The debt-to-equity ratio should be maintained within the range below the ratio of 1.5:1 to have enough leverage for a favorable credit rating and to be able to secure the most reasonable bank credit terms.

The debt-to-equity ratios as at December 31 are as follows:

	2025		2024	
Total debt	₱	26,218,069	₱	28,428,981
Total equity		154,232,404		103,659,243
Debt-to-Equity ratio		0.17: 1		0.27: 1

22. Financial Assets and Financial Liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables, and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

Fair Value Hierarchy

In accordance with PFRS 13, assets and liabilities measured at fair value in the statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy categorizes the assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the assets and liabilities.

In 2025 and 2024, there were no transfers between the Levels 1, 2, and 3 fair value measurements.

23. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

2025

	Dividends Payable		Lease Liability		Total
Balance at beginning of year	₱	-	₱	4,241,137	₱ 4,241,137
Cash flow changes:					-
Payment of principal		-		(1,376,782)	(1,376,782)
Payment of interest		-		(323,370)	(323,370)
Non-cash changes:					
Interest expense		-		323,370	323,370
Additions during the year		-		1,574,976	1,574,976
Balance at end of year	₱	-	₱	4,439,331	₱ 4,439,331

	Dividends Payable	Lease Liability	Total
Balance at beginning of year	₱ 23,000,000	₱ -	₱ 23,000,000
Cash flow changes:			-
Dividends paid	(23,000,000)	-	(23,000,000)
Payment of principal	-	(1,065,364)	(1,065,364)
Payment of interest	-	(381,960)	(381,960)
Non-cash changes:			
Dividends declared	-	-	-
Interest expense	-	381,960	381,960
Additions during the year	-	5,306,501	5,306,501
Balance at end of year	₱ -	₱ 4,241,137	₱ 4,241,137

24. Supplementary Information Required under Revenue Regulations (RR) Nos. 15-2010 and 34-2020 of the BIR

RR No. 15-2010

The BIR issued RR No. 15-2010, requiring the disclosures in the financial statements of certain information relating to taxes, duties, and license fees paid or accrued during the taxable year, deficiency tax assessments, whether protested or not, and tax cases and amounts involved, under preliminary investigation, litigation, and or prosecution in courts or bodies outside the BIR. This revenue regulation became effective 15 days following publication in a newspaper of general circulation in the Philippines.

In compliance with the requirement set forth by RR No. 15-2010, hereunder is the information on taxes, duties, and license fees paid or accrued during the taxable year:

Output Tax

	Tax Base	Output Tax
Sales/receipts subject to VAT		
Commission income	₱ 93,562,179	₱ 11,227,461
Other income	674,328	80,919
	₱ 94,236,507	₱ 11,308,380

Creditable Input Tax

	Tax Base	Input Tax
Balance at beginning of year		₱ 1,205,283
Current year's domestic purchases:		
Goods for resale/manufacture or further processing	₱ -	-
Goods other than for resale or manufacture	91,947	11,034
Capital goods subject to amortization	-	-
Capital goods not subject to amortization	1,823,804	218,856
Services lodged under cost of goods sold	-	-
Services lodged under other accounts	11,614,499	1,393,740
Claims for tax credit/refund and other adjustments		-
Total available input tax		2,828,913
Input tax applied against output tax		(2,287,432)
Balance at end of year		₱ 541,481

Withholding Taxes

Tax on compensation and benefits	P	1,372,606
Expanded withholding taxes		1,514,449

Other Taxes and Licenses

Local		
Business license	P	645,273
Real estate tax		10,500
Miscellaneous		148,746
	P	804,519

Deficiency Tax Assessments and Tax Cases

The Company does not have any pending or outstanding tax cases in court or bodies outside of the BIR.

RR No. 34-2020

The BIR issued RR No. 34-2020 to streamline the guidelines and procedures for the submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD), and other supporting documents, as mandated by RR No. 19-2020.

The Company is not covered by the requirements and procedures for related party transactions since it had no transactions with a related party during the taxable year.

BONIFACIO INSURANCE BROKER CORPORATION
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
AS AT DECEMBER 31, 2025

	2 0 2 5		2 0 2 4	
Total Audit Fees	P	242,500	P	242,500
Non-audit services fees:				
Other assurance services		-		-
Tax services		-		-
All other services		-		-
Total Non-audit Fees		-		-
Total Audit and Non-audit Fees	P	242,500	P	242,500

**REPORT OF INDEPENDENT AUDITOR TO ACCOMPANY SUPPLEMENTARY
INFORMATION FOR FILING WITH THE INSURANCE COMMISSION**

To the Stockholders and the Board of Directors
Bonifacio Insurance Broker Corporation
(A Wholly Owned Subsidiary of Active Research and Management Corporation)
132 Pioneer Street, Mandaluyong City, Metro Manila

We have audited, in accordance with the Philippine Standards on Auditing, the financial statements of Bonifacio Insurance Broker Corporation (the Company) as at and for the year ended December 31, 2025, on which we have rendered our report dated April 30, 2026. Our audit was made for the purpose of forming an opinion on the financial statements of the Company taken as a whole. The supplementary information attached is the responsibility of the Company's management and is presented for purposes of complying with the Insurance Commission Circular Letter No. 2021-65 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.

F. B. TUPUE & COMPANY

(SGD)

Francis B. Tupue
Managing Partner
CPA Certificate No. 74105
Tax Identification No. 100-719-430-000
PTR No. 3985520 issued on January 6, 2026, Pasig City
BOA Accreditation No. 0833/P-001 valid until May 18, 2028
BIR Accreditation No. 07-100667-002-2023 valid until July 25, 2026
SEC Accreditation No. 74105-SEC (Group B)
valid to cover audit of 2022 to 2026 financial statements IC
Accreditation No. IC-EA-2025-0055-R (Group B)
valid to cover audit of 2025 to 2027 financial statements

April 30, 2026
Pasig City, Metro Manila

**BONIFACIO INSURANCE BROKER CORPORATION
SUPPLEMENTARY INFORMATION FOR FILING WITH THE INSURANCE COMMISSION
BASED ON INSURANCE COMMISSION CIRCULAR LETTER NO. 2026-05
AS AT DECEMBER 31, 2025**

Item 1, Segregation of Client's Money Account

The Company has a direct remittance agreement wherein a client remits the premium directly to the insurance companies.

Item 2, Net Worth Compliance

In compliance with IC Memorandum Circular No. 2026-05 and IC Memorandum Circular No. 2018-52 issued by the IC, the Company is required to maintain as at December 31, 2025, a net worth of ₱25 million as an existing licensed insurance broker intending to apply for an HMO broker license, and as at December 31, 2025, ₱10 million as a licensed insurance broker. As at December 31, 2025 and 2024, the Company has complied with the requirement.

Item 3, Fiduciary Ratio Computation

Fiduciary Ratio

The Company is not required to comply with the fiduciary ratio requirement per IC CL No. 2021-65.

Fiduciary Transaction Model

The Company uses a direct remittance agreement. This is a type of transaction wherein a client/insurer/cedant remits the premium payment directly to the insurance/reinsurance company.

Item 4, Offsetting Arrangements

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