INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Fubon Insurance Broker (Philippines) Corporation
2nd Floor Pioneer House Bldg.
108 Paseo de Roxas St.
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fubon Insurance Broker (Philippines) Corporation (the Company), a wholly-owned subsidiary of Fubon Insurance Co. Ltd., which comprise the statements of financial position as at December 31, 2025 and 2024, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 18 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Fubon Insurance Broker (Philippines) Corporation. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

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Valid for Financial Periods 2025 to 2027
SEC Accreditation No. 128829-SEC Group A
Issued March 23, 2021
Valid for Financial Periods 2024 to 2025
BIR Accreditation No. 08-005144-013-2025
Valid until October 20, 2028
PTR No. 10764016
Issued January 2, 2026, Makati City

March 10, 2026
Makati City, Metro Manila

FUBON INSURANCE BROKER (PHILIPPINES) CORPORATION
(A Wholly-owned Subsidiary of Fubon Insurance Co. Ltd.)

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2025**	2024
ASSETS			
Current Assets			
Cash in banks		**₱18,748,884**	₱14,425,235
Short-term investments	4	**19,000,000**	19,000,000
Trade and other receivables	5	**16,191,325**	13,473,121
Other current assets	6	**14,045,633**	11,793,568
Total Current Assets		**67,985,842**	58,691,924
Noncurrent Assets			
Property and equipment	7	**1,418,828**	3,679,523
Refundable deposits - net of current portion	14	**587,507**	–
Total Noncurrent Assets		**2,006,335**	3,679,523
		₱69,992,177	₱62,371,447
LIABILITIES AND EQUITY			
Current Liabilities			
Due to principals and other payables	8	**₱7,880,478**	₱5,775,564
Current portion of lease liabilities	14	**240,065**	1,277,858
Total Current Liabilities		**8,120,543**	7,053,422
Noncurrent Liabilities			
Lease liabilities - net of current portion	14	**501,430**	1,601,067
Retirement benefit liability	13	**366,109**	228,365
Deferred tax liability	15	**–**	32,348
Total Noncurrent Liabilities		**867,539**	1,861,780
Total Liabilities		**8,988,082**	8,915,202
Equity			
Capital stock		**20,000,000**	20,000,000
Additional paid-in capital		**16,500**	16,500
Retained earnings	9	**40,987,595**	33,439,745
Total Equity		**61,004,095**	53,456,245
		₱69,992,177	₱62,371,447

See accompanying Notes to Financial Statements.

FUBON INSURANCE BROKER (PHILIPPINES) CORPORATION

(A Wholly-owned Subsidiary of Fubon Insurance Co. Ltd.)

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2025**	2024
SERVICE REVENUE	14	**₱31,020,093**	₱28,147,149
COST OF SERVICES		**(6,632,081)**	(2,342,863)
GROSS INCOME		**24,388,012**	25,804,286
OPERATING EXPENSES	10	**(15,060,486)**	(14,929,414)
INTEREST EXPENSE ON LEASE LIABILITIES	14	**(121,074)**	(228,203)
OTHER INCOME – Net	11	**733,950**	1,051,218
INCOME BEFORE INCOME TAX		**9,940,402**	11,697,887
PROVISION FOR INCOME TAX	15		
Current		**2,424,900**	2,876,773
Deferred		**(32,348)**	32,348
		2,392,552	2,909,121
NET INCOME		**7,547,850**	8,788,766
OTHER COMPREHENSIVE INCOME		**–**	–
TOTAL COMPREHENSIVE INCOME		**₱7,547,850**	₱8,788,766

See accompanying Notes to Financial Statements.

FUBON INSURANCE BROKER (PHILIPPINES) CORPORATION

(A Wholly-owned Subsidiary of Fubon Insurance Co. Ltd.)

STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31	
	Note	**2025**	2024
CAPITAL STOCK - ₱100 par value			
Authorized, issued and outstanding - 200,000 shares			
Balance at beginning and end of year		**₱20,000,000**	₱20,000,000
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning and end of year		**16,500**	16,500
RETAINED EARNINGS	9		
Balance at beginning of year		**33,439,745**	24,650,979
Net income		**7,547,850**	8,788,766
Balance at end of year		**40,987,595**	33,439,745
		₱61,004,095	₱53,456,245

See accompanying Notes to Financial Statements.

FUBON INSURANCE BROKER (PHILIPPINES) CORPORATION
(A Wholly-owned Subsidiary of Fubon Insurance Co. Ltd.)

STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	**2025**	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱9,940,402**	₱11,697,887
Adjustments for:			
Depreciation and amortization	7	**2,260,695**	2,427,130
Interest income	4	**(742,967)**	(919,406)
Retirement benefit expense	13	**137,744**	–
Interest expense on lease liabilities	14	**121,074**	228,203
Unrealized foreign exchange loss (gain)	11	**9,017**	(129,390)
Operating income before working capital changes		**11,725,965**	13,304,424
Decrease (increase) in:			
Trade and other receivables		**(2,290,079)**	(5,997,047)
Other current assets		**(2,252,065)**	(1,103,336)
Increase (decrease) in due to principals and other payables		**2,104,914**	(51,539,958)
Net cash generated from (used for) operations		**9,288,735**	(45,335,917)
Income tax paid		**(2,424,900)**	(2,876,773)
Interest received		**314,842**	373,070
Net cash provided by (used in) operating activities		**7,178,677**	(47,839,620)
CASH FLOWS FROM AN INVESTING ACTIVITY			
Additions to:			
Refundable deposits		**(587,507)**	
Property and equipment	7	**–**	(882,090)
Net cash used in investing activities		**(587,507)**	(882,090)
CASH FLOWS FROM A FINANCING ACTIVITY			
Payment of lease liabilities	14	**(2,258,504)**	(2,437,818)
NET INCREASE (DECREASE) IN CASH IN BANKS		**4,332,666**	(51,159,528)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES IN CASH IN BANKS		**(9,017)**	129,390
CASH IN BANKS AT BEGINNING OF YEAR		**14,425,235**	65,455,373
CASH IN BANKS AT END OF YEAR		**₱18,748,884**	₱14,425,235

See accompanying Notes to Financial Statements.

FUBON INSURANCE BROKER (PHILIPPINES) CORPORATION
(A Wholly-owned Subsidiary of Fubon Insurance Co. Ltd.)

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. Corporate Information

Fubon Insurance Broker (Philippines) Corporation (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on January 11, 2013. The Company is primarily engaged to solicit, negotiate or procure the making of any insurance contract or in placing risk taking out insurance in the Philippines, on behalf of an insured, for compensation, commission or other thing of value.

The Company is a wholly-owned subsidiary of Fubon Insurance Co. Ltd. (the Parent Company), a company incorporated in Taiwan. The ultimate parent company is Fubon Financial Holding Co., Ltd, a company incorporated in Taiwan.

The Company's registered office address is at 2nd Floor Pioneer House Bldg. 108 Paseo de Roxas St. Makati City.

On December 17, 2024, the Insurance Commission (IC) renewed the Company's license to operate as an Insurance Broker with Certificate of Authority No. IB-11-2025-R valid until December 31, 2027.

Approval of the Financial Statements

The financial statements of the Company as at and for the years ended December 31, 2025 and 2024 were approved and authorized for issue by the Board of Directors (BOD) on March 10, 2026.

2. Summary of Material Accounting Policy Information

Basis of Preparation and Statement of Compliance

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

The Company qualifies as a Small Entity (SE) based on the criteria set by the SEC. However, as a public interest entity which is a holder of secondary license issued by the Insurance Commission (IC), the Company is required to prepare financial statements in accordance with PFRS Accounting Standards.

Measurement Basis

The financial statements of the Company are presented in Philippine Peso (Peso), the Company's functional and presentation currency. All amounts are rounded to the nearest Peso unless otherwise stated.

The financial statements have been prepared on the historical cost basis of accounting except for retirement benefit liability that is measured at the present value of the defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

Level 1 − Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

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

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

For 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 fair value hierarchy by re-assessing 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.

Further information about the assumptions made in measuring fair values is included in Note 17, *Fair Value Measurement*.

Adoption of Amendments to PFRS Accounting Standards
The material accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability,* effective for annual periods beginning on or after January 1, 2025.

The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

The adoption of the amendments to PFRS Accounting Standards did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

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

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the financial statements, are summarized below:

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

- Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at fair value through other comprehensive income (FVOCI) with contingent features. Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

    - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.

    - Amendments to PFRS 9, *Financial Instruments* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, *Financial Instruments*, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments apply to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

    - Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

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

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements,* and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

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

Financial Instruments

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

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

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

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

Financial Assets

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

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

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

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

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

The Company's cash in banks, short-term investments, trade and other receivables and refundable deposits (included under "Other current and noncurrent assets" account) are classified under this category.

Cash in Banks. Cash in banks are measured at face value and earn interest at prevailing bank deposit rates.

Short-term Investments. Short-term investments pertain to investments with maturity periods of more than three months but less than one year, measured at face value, and earn interest at the respective short-term investment rates.

Impairment of Financial Assets at Amortized Cost. The Company recognizes an allowance for ECL for all instruments not measured at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

The ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date.

For trade receivables, the Company has applied the simplified approach in measuring ECL. 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, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other instruments measured at amortized cost, such as refundable deposits, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

The Company considers a financial asset to be in default when contractual payments are 90 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

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

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

There were no reclassifications of financial assets in 2025 and 2024.

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

- The right to receive cash flows from the asset has expired;

- The Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or

- The Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

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

Financial Liabilities

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

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

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

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

The Company's due to principals and other payables (excluding payable to government agencies) and lease liabilities are classified under this category.

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

Offsetting of Financial Assets and Liabilities

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

Other Current Assets

Other current assets include creditable withholding taxes (CWT), prepayments and refundable deposits that are initially recorded at transaction cost.

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

Prepayments. Prepayments are expenses paid in advance and recorded as asset before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to appropriate accounts in profit or loss when incurred.

Refundable deposits. Refundable deposits are stated at cost. These pertain to amount paid by the Company to the lessor in relation to a lease agreement. These shall be returned to the Company upon expiration of the lease term net of any unpaid obligations to the lessors. Refundable deposits that are expected to be received no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization and any impairment loss.

The initial cost of property and equipment comprises its purchase price, including import duties and nonrefundable taxes and any direct costs attributable in bringing the property and equipment to its working condition and location for its intended use. Cost also includes the cost of replacing part of such property and equipment when the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that these 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 its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Right-of-use (ROU) assets represents a lessee's right to use an underlying asset for the lease term. These are recognized at the commencement date of the lease and are measured at cost less any accumulated depreciation and amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the ROU asset shall comprise the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred and an estimation of costs to be incurred by the Company in dismantling and removing the underlying asset.

Depreciation and amortization commence when property and equipment is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale and the date the property and equipment is derecognized.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Type	Number of Years
ROU assets	5 or term of lease, whichever is shorter
Office equipment	5
Office furniture and fixtures	5
Computer software	2

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment, and adjusted prospectively, if there is an indication of a significant change since the last reporting date.

Fully depreciated and amortized property and equipment are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those property and equipment.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the property and equipment is derecognized.

Impairment of Nonfinancial Assets
At each reporting date, nonfinancial assets are reviewed to determine whether there is any indication that these assets maybe impaired. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

The recoverable amount of an asset is the greater of its value in use or its fair value less cost of disposal. Value in use is the present value of future cash flows expected to be derived from an asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized. Reversals of impairment are recognized in profit or loss.

Equity

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

Additional Paid-in Capital. Additional paid-in capital includes any premium received in the initial issuances of capital stock.

Retained Earnings. Retained earnings represent the cumulative balance of net income.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as an agent in its insurance brokerage operations.

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

Service Income. Service income is recognized when services as an insurance broker have been rendered. Service income includes gross inflows of economic benefits received and receivable by the entity on its own account. Amounts collected on behalf of third parties such as sales taxes, goods and service taxes and VAT are not economic benefits which flow to the entity and do not result in increases in equity. The amounts collected on behalf of the principals are not recognized as revenue.

Revenue outside the scope of PFRS Accounting Standards 15 is recognized as follows:

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

Other Income. Other income is recognized when the earning process is complete and the flow of economic benefits is reasonably assured.

<u>Cost and Expense Recognition</u>
Costs and expenses are recognized in profit or loss upon consumption of goods or utilization of services at the date these expenses are incurred.

Cost of Services. Cost of services pertains to salaries of employees who performs revenue generating activities of the Company. It is recognized when incurred.

Operating Expenses. Operating expenses constitute cost of administering the business. These are expensed as incurred.

Interest Expense. Interest expense is recognized as expense when incurred.

<u>Related Party Transactions and Relationships</u>
Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals who, owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

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

<u>Leases</u>
The Company assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

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

ii. The right to direct the use of the identified asset.

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

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

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

The ROU assets are recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities.

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

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

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

Foreign Currency Denominated Transactions

The Company determines its own functional currency and items included in the financial statements are measured using that functional currency. Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of each reporting date. All differences are taken to profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was measured.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the year such are realized.

Employee Benefits

Short-term Employee Benefits. The Company provides short-term benefits to its employees in the form of basic salary, 13th month pay, leave credits, bonuses, employer's share on government contributions and other short-term benefits.

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

Retirement Benefits. The Company accrues for the estimated retirement benefits of its qualified employees. The determination of the obligation is based on the minimum requirements under Republic Act (RA) No. 7641, *The Retirement Pay Law,* which requires an employer to pay minimum retirement benefits to employees who retire after reaching the mandatory retirement age of 65 years old or the optional age of 60 years old with at least five years of service to the Company, equivalent to half month salary for every year of service discounted at prevailing interest rate.

The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Income Tax

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided 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 tax is recognized in profit or loss except for items recognized in OCI or item recognized directly in equity.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred tax assets to be recovered.

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

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

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingencies

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

Events after the Reporting Date

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

3. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements in compliance with PFRS Accounting Standards requires management to exercise judgments, make estimates and use assumptions that affect the amounts reported in the financial statements and accompanying notes. These judgments, estimates and assumptions are based upon management's evaluation of relevant facts and circumstances as at reporting date. Actual results could differ from these judgments, estimates and assumptions used and the effect of any change in estimates will be adjusted accordingly when these become reasonably determinable.

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

The Company believes the following represent a summary of these significant judgments, estimates and assumptions and related impact and associated risks in the financial statements.

Judgments

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

Determining whether the Company Acts as a Principal or an Agent on its Service Income. The Company determined that it has no control over the determination of its service income. The Company receives its revenues by providing services to its principals. Accordingly, the Company determined that it acts in the capacity of an agent, rather than as a principal in its operations.

Classifying Leases. The Company, as a lessee, has entered into operating lease agreements for its car and office space. For the Company's non-cancellable lease, the Company recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Company's incremental borrowing rate. The Company availed exemption for short-term leases of residential units with term of 12 months or less. Accordingly, lease payments on the short-term lease are recognized as expense on a straight-line basis over the lease term.

Significant judgment was likewise exercised by the Company in determining the discount rate to be used in calculating the present value of ROU assets and lease liabilities. The discount rate is represented by the incremental borrowing rate, which is the Bloomberg Valuation rate and credit spread as determined by the Ultimate Parent Company.

The carrying amount of ROU assets included as part of "Property and equipment" account are disclosed in Note 7. The carrying amount of lease liabilities are disclosed in Note 14.

Depreciation of ROU assets are disclosed in Note 7. Interest expense on lease liabilities and rent expense arising from short-term leases are disclosed in Note 14.

Estimates and Assumptions

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

Estimating the ECL on Trade and Other Receivables. The Company estimates ECL using a provision matrix which considers the Company's historical credit loss experience adjusted for forward-looking factors, as appropriate.

No impairment loss was recognized in 2025 and 2024. Allowance for ECL on receivables and carrying amount of trade and other receivables as at December 31, 2025 and 2024 are disclosed in Note 5.

Estimating the Useful Lives of Property and Equipment. The Company estimates the useful lives of property and equipment based on the periods over which these assets are expected to be available for its use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and legal or other limits on the use of the assets. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of these assets would increase the recorded operating expenses and decrease the carrying amount of the assets.

There was no change in the estimated useful lives of property and equipment in 2025 and 2024.

The carrying amount of property and equipment as at December 31, 2025 and 2024 are disclosed in Note 7.

Assessing the Impairment Losses on Nonfinancial Assets. The Company assesses the impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

Factors that the Company considers in deciding when to perform impairment review includes the following, among others:

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

The Company determined that there are no indications of impairment on its nonfinancial assets. Accordingly, no impairment losses on nonfinancial assets was recognized in 2025 and 2024.

The carrying amount of nonfinancial assets are presented under other current assets (except refundable deposits) as at December 31, 2025 and 2024 are disclosed in Note 6. The carrying amount of property and equipment as at December 31, 2025 and 2024 are disclosed in Note 7.

Estimating Retirement Benefit Liability. The determination of the Company's retirement benefit liability is dependent on management's selection of certain assumptions which include, among others, discount rate and expected rate of salary increase. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the Company's retirement liability.

Management assessed that the retirement liability recognized in the books is sufficient to cover the estimated retirement benefits for covered employees as at December 31, 2025 and 2024. Retirement expense as at December 31, 2025 and 2024 are disclosed in Note 13.

The Company's retirement benefit liability as at December 31, 2025 and 2024 are disclosed in Note 13.

Assessing the Realizability of Deferred Tax Assets. The Company reviews the carrying amounts of net deferred tax assets at each financial reporting date and reduces net deferred tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be utilized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The Company did not recognize its deferred tax assets as at December 31, 2025 and 2024 because management has assessed that these may not be realized because future taxable income may not be sufficient against which these tax benefits can be claimed or deducted.

The Company's unrecognized deferred tax assets as at December 31, 2025 and 2024 are disclosed in Note 15.

4. **Short-term Investments**

Short-term placements with maturity of more than 90 days up to one year amounted to ₱19.0 million as at December 31, 2025 and 2024. The investments earn interest ranging from 2.0% to 3.5% in 2025 and 1.8% to 4.1% in 2024.

Interest income from cash in banks and short-term investments aggregated to ₱742,967 in 2025 and ₱919,406 in 2024 (see Note 11).

5. **Trade and Other Receivables**

This account consists of:

	2025	2024
Trade	**₱15,357,384**	₱13,067,305
Interest receivable	**1,330,092**	901,967
	16,687,476	13,969,272
Less allowance for ECL	**496,151**	496,151
	₱16,191,325	₱13,473,121

Trade receivables consist of commissions due from insurance companies. These are noninterest-bearing and are generally on a 30 to 90-day credit term.

Interest receivable represents interest on short-term placements which are not yet received at year-end.

6. Other Current Assets

This account consists of:

	Note	2025	2024
CWT		**₱11,778,190**	₱10,201,865
Prepayments		**1,688,818**	921,078
Refundable deposits	14	**578,625**	670,625
		₱14,045,633	₱11,793,568

Refundable deposits arise from operating lease agreements ranging from one to three years for residential units and office spaces which are renewable upon mutual written agreements of the parties. Noncurrent refundable deposits amounted to ₱587,507 in 2025 and nil in 2024 (see Note 14).

7. Property and Equipment

Movements in this account are summarized below:

	2025				
	ROU Assets	**Office Equipment**	**Office Furniture and Fixtures**	**Computer Software**	**Total**
Cost					
Balance at beginning of year	**₱11,901,840**	**₱1,639,149**	**₱511,652**	**₱1,762,935**	**₱15,815,576**
Derecognition	**(2,393,385)**	**–**	**–**	**–**	**(2,393,385)**
Balance at end of year	**9,508,455**	**1,639,149**	**511,652**	**1,762,935**	**13,422,191**
Accumulated Depreciation and Amortization					
Balance at beginning of year	**9,173,666**	**818,730**	**511,652**	**1,632,005**	**12,136,053**
Depreciation and amortization (Note 10)	**2,044,082**	**212,741**	**–**	**3,872**	**2,260,695**
Derecognition	**(2,393,385)**	**–**	**–**	**–**	**(2,393,385)**
Balance at end of year	**8,824,363**	**1,031,471**	**511,652**	**1,635,877**	**12,003,363**
Carrying Amount	**₱684,092**	**₱607,678**	**₱–**	**₱127,058**	**₱1,418,828**

	2024				
	ROU Assets	Office Equipment	Office Furniture and Fixtures	Computer Software	Total
Cost					
Balance at beginning of year	₱11,901,840	₱757,059	₱511,652	₱1,762,935	₱14,933,486
Additions	–	882,090	–	–	882,090
Balance at end of year	11,901,840	1,639,149	511,652	1,762,935	15,815,576
Accumulated Depreciation and Amortization					
Balance at beginning of year	6,930,137	646,767	511,618	1,620,401	9,708,923
Depreciation and amortization (Note 10)	2,243,529	171,963	34	11,604	2,427,130
Balance at end of year	9,173,666	818,730	511,652	1,632,005	12,136,053
Carrying Amount	₱2,728,174	₱820,419	₱–	₱130,930	₱3,679,523

The cost of fully depreciated property and equipment still being used in operations amounted to ₱3.0 million and ₱2.8 million as at December 31, 2025 and 2024, respectively.

In 2022, the Company entered into a three-year lease agreement with a third party for one of its vehicles. Upon commencement, a right-of-use (ROU) asset and the corresponding lease liability were recognized in accordance with PFRS Accounting Standards 16. In 2025, the ROU asset was fully depreciated and was derecognized upon expiration of the lease.

8. Due to Principals and Other Payables

This account consists of:

	2025	2024
Due to principals	**₱2,959,165**	₱1,741,880
Accruals for:		
Salaries and employee benefits	**1,782,167**	1,237,951
Professional fees	**547,908**	410,984
Insurance	**197,022**	87,487
Others	**769,744**	592,715
Payable to government agencies	**1,624,472**	1,704,547
	₱7,880,478	₱5,775,564

Due to principals represent funds received from customers that will be subsequently remitted to principals upon policy issuance.

Accruals are noninterest-bearing and are normally settled throughout the subsequent month.

Payable to government agencies are normally settled within the subsequent month.

9. Retained Earnings

Under the Revised Corporation Code of the Philippines, stock corporations are generally prohibited from retaining surplus profits in excess of 100% of their paid up capital.

As at December 31, 2025 and 2024, the Company's retained earnings amounting to ₱41.0 million and ₱33.4 million, respectively, is in excess of its paid-up capital. The retention of excess retained earnings is mainly due to the requirements of the IC for minimum statutory net worth for which the Company has to comply with (see Note 16).

Further, the Company plans to transition from being an insurance broker to insurance and reinsurance broker which would require a higher minimum statutory net worth requirement pursuant to the IC regulations. The specific details of the transition is still subject to discussion and final approval of the BOD.

10. **Operating Expenses**

This account consists of:

	Note	2025	2024
Salaries and employee benefits		**₱7,792,068**	₱6,334,409
Depreciation and amortization	7	**2,260,695**	2,427,130
Professional fees		**1,481,570**	979,590
Transportation and travel		**857,509**	605,384
Entertainment, amusement and recreation		**484,125**	518,880
Communication, light and water		**474,091**	460,551
Insurance		**452,733**	688,491
Taxes and licenses		**265,910**	496,197
Repairs and maintenance		**254,712**	200,697
Retirement benefit expense	13	**137,744**	–
Rent	14	**117,252**	986,901
Supplies		**63,939**	103,656
Membership		**47,697**	224,895
Others		**370,441**	902,633
		₱15,060,486	₱14,929,414

11. **Other Income** - net

This account consists of:

	Note	2025	2024
Interest income	4	**₱742,967**	₱919,406
Unrealized foreign exchange gain (loss)		**(9,017)**	129,390
Others		**–**	2,422
		₱733,950	₱1,051,218

12. **Related Party Transactions**

Compensation of Key Management Personnel

Compensation of key management personnel which pertain to short-term benefits amounted to ₱8.5 million in 2025 and ₱5.5 million in 2024.

Compliance with Revenue Regulations (RR) No. 19-2020 and RR No. 34-2020

The Bureau of Internal Revenue (BIR) issued RR No. 19-2020 and RR No. 34-2020, prescribing the use of the BIR Form 1709, Information Return on Related Party Transactions, transfer pricing documentation and other supporting documentation.

The Company did not meet the criteria based on the RRs, hence, the Company is not covered by the requirements and procedures provided by the RRs.

13. **Retirement Benefits**

The Company recognizes retirement liability based on the minimum mandated retirement benefit plan under RA No. 7641, *The Retirement Pay Law*.

Management has assessed that the retirement liability recognized in the books is sufficient to cover the estimated retirement benefits based on the attrition and salary rate trends for covered employees. Retirement liability amounted to ₱366,109 and ₱228,365 as at December 31, 2025 and 2024, respectively. Retirement expense amounted to ₱137,744 in 2025 and nil in 2024 (see Note 10).

14. **Commitments and Agreements**

a. **Broker's Agreements**

The principal insurance companies authorized the Company to act as an insurance broker on behalf of the former to solicit, transact and service (life, non-life as applicable) insurance and/or reinsurance business that the insurer is authorized to write and to collect and receive premiums from their clients. In return, the Company is entitled to commissions for the premiums sold.

Service revenue earned from insurance policies sold amounted to ₱31.0 million in 2025 and ₱28.1 million in 2024.

b. **Long-term Lease**

The Company, as a lessee, has entered into various lease agreements for its office space and car rentals with terms of three years and subject to escalation rate. The leases are renewable upon mutual written agreement of the parties.

Movements in lease liabilities are as follows:

	2025	2024
Balance as at beginning of year	**₱2,878,925**	₱5,088,540
Lease payments	**(2,258,504)**	(2,437,818)
Accretion of interest	**121,074**	228,203
Balance at end of year	**741,495**	2,878,925
Current portion	**(240,065)**	(1,277,858)
Noncurrent portion	**₱501,430**	₱1,601,067

The discount rate applied to the lease liabilities ranges from 6.25% to 8.00%. ROU assets were measured at the amount equal to the lease liabilities, adjusted by any amount of any prepaid or accrued lease payments (see Note 7).

Lease-related expenses recognized in the statements of comprehensive income are as follows:

	Note	**2025**	2024
Depreciation of ROU assets	7	**₱2,044,082**	₱2,243,529
Rent expense	10	**117,252**	986,901
Interest expense on lease liabilities		**121,074**	228,203

Future minimum undiscounted lease payments on lease liabilities follows:

	2025	2024
Within one year	**₱762,768**	₱2,258,508
After one year but not more than five years	**–**	762,768
	₱762,768	₱3,021,276

Noncurrent refundable deposits amounted to ₱587,507 in 2025 and nil in 2024 (see Note 6).

Short-term Lease

Lease payments for short-term operating lease agreements with third party lessors covering lease of residential units are recognized as expense on a straight-line basis over the lease term. Rent expense amounted to ₱117,252 in 2025 and ₱986,901 in 2024. Refundable deposits as at December 31, 2025 and 2024 are disclosed in Note 6.

15. Income Taxes

The Company's provision for current tax in 2025 and 2024 pertains to RCIT. The income tax rates used in preparing the financial statements are 25% RCIT and 2% MCIT rate in 2025 and 2024.

The Company's deferred tax liability pertains to the tax effect of unrealized foreign exchange gain amounting to nil and ₱32,348 as at December 31, 2025 and 2024, respectively.

Details of unrecognized deferred tax assets are as follows:

	2025	2024
Allowance for ECL on receivables	**₱124,038**	₱124,038
Retirement liability	**91,527**	57,091
Excess lease liabilities over ROU assets	**14,351**	37,688
Unrealized foreign exchange loss	**2,254**	–
	₱232,170	₱218,817

The reconciliation between provision for income tax computed at statutory income tax rate and the provision for income tax shown in the statements of comprehensive income are as follows:

	2025	2024
Provision for income tax at statutory income tax rate	**₱2,485,101**	₱2,924,472
Movements in unrecognized deferred tax assets	**13,353**	(8,854)
Income tax effects of:		
Interest income already subjected to final tax	**(185,742)**	(229,851)
Nondeductible expenses	**79,840**	223,354
	₱2,392,552	₱2,909,121

16. **Financial Risk and Capital Management**

The Company's principal financial instruments comprise of cash in banks, short-term investments, trade and other receivables, refundable deposits (included under "Other current and noncurrent assets" account), trade and other payables (excluding payable to government agencies), and lease liabilities, which arise directly from its operations.

Risk Management Framework

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. Financial risks are managed under policies approved and monitored by the BOD.

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

This note presents information about the Company's exposure to each of the foregoing risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout the financial statements.

The following information presents the Company's exposure to each of the above risks:

Credit Risk. Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. The Company trades only with recognized and creditworthy third parties. It is the Company's practice that all insurance providers who wish to conduct business with the Company are subject to the Company's accreditation procedures. In addition, trade receivables are monitored on an ongoing basis. Thus, exposure to bad debts is reduced.

The Company's maximum exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments, without taking account of the value of any collateral obtained:

	2025	2024
Financial assets at amortized cost:		
Cash in banks	**₱18,748,884**	₱14,425,235
Short-term investments	**19,000,000**	19,000,000
Trade and other receivables	**16,191,325**	13,473,121
Refundable deposits*	**1,166,132**	670,625
	₱55,106,341	₱47,568,981

**Including current portion of ₱578,625 as at December 31, 2025 and ₱670,625 as at December 31, 2024, presented under "Other current assets" account*

The Company's financial assets at amortized cost are mostly composed of cash in various banks, short-term investments, trade and other receivables and refundable deposits. The Company limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the banking industry, and transacting only with recognized and credit-worthy counterparties.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

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

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

The table below presents the summary of the Company's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL.

	December 31, 2025			
	12-month ECL	**Lifetime ECL – not impaired**	**Lifetime ECL – credit impaired**	**Total**
Financial assets at amortized cost:				
Cash in banks	**₱18,748,884**	**₱–**	**₱–**	**₱18,748,884**
Short-term investments	**19,000,000**	**–**	**–**	**19,000,000**
Trade and other receivables	**–**	**16,191,325**	**496,151**	**16,687,476**
Refundable deposits*	**1,166,132**	**–**	**–**	**1,166,132**
	₱38,915,016	**₱16,191,325**	**₱496,151**	**₱55,602,492**

**Included under "Other current and noncurrent assets" account*

	December 31, 2024			
	12-month ECL	Lifetime ECL – not impaired	Lifetime ECL – credit impaired	Total
Financial assets at amortized cost:				
Cash in banks	₱14,425,235	₱–	₱–	₱14,425,235
Short-term investments	19,000,000	–	–	19,000,000
Trade and other receivables	–	13,473,121	496,151	13,969,272
Refundable deposits*	670,625	–	–	670,625
	₱34,095,860	₱13,473,121	₱496,151	₱48,065,132

**Included under "Other current and noncurrent assets" account*

The Company has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics.

The credit quality of financial assets is being managed by the Company using internal credit ratings. Credit quality of the financial assets were determined as follows:

High Grade. It pertains to accounts with a very low probability of default as demonstrated by the borrower's long history of stability, profitability and diversity. It includes deposits or placements to reputable banks and companies with good credit standing. High grade financial assets include cash in banks, short-term investments, and refundable deposits.

Cash in banks and short-term investments are considered to be high grade and have low credit risk because the Company transacted with banks that have good credit rating and low probability of insolvency.

Refundable deposits are of low credit risk, since these are deposits made to a company with low probability of insolvency.

Standard Grade. It pertains to receivables from counterparties with satisfactory financial capability and credit standing based on historical data, current conditions and the Company's view of forward-looking information over the expected lives of the receivables. Standard grade financial assets include trade and other receivables.

Trade receivables and other receivables is considered as standard grade and also have low credit risk, since the Company only transacted with reputable companies with respect to these financial assets.

Substandard Grade. It pertains to accounts with history of default and include financial assets that are collected on their due dates provided that the Company made a persistent effort to collect them.

The aging analysis and credit quality of the Company’s financial assets at amortized cost are as follows:

	2025						
	Neither Past Due nor Impaired			**Past Due but Not Impaired**			
	High Grade	**Standard Grade**	**Substandard Grade**	**91-180 Days**	**More than 180 Days**	**Impaired**	**Total**
Cash in banks	**₱18,748,884**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱18,748,884**
Short-term investments	**19,000,000**	**–**	**–**	**–**	**–**	**–**	**19,000,000**
Trade and other receivables	**–**	**16,191,325**	**–**	**–**	**–**	**496,151**	**16,687,476**
Refundable deposits*	**1,166,132**	**–**	**–**	**–**	**–**	**–**	**1,166,132**
	₱38,915,016	**₱16,191,325**	**₱–**	**₱–**	**₱–**	**₱496,151**	**₱55,602,492**

**Included under “Other current and noncurrent assets” account*

	2024						
	Neither Past Due nor Impaired			Past Due but Not Impaired			
	High Grade	Standard Grade	Substandard Grade	91-180 Days	More than 180 Days	Impaired	Total
Cash in banks	₱14,425,235	₱–	₱–	₱–	₱–	₱–	₱14,425,235
Short-term investments	19,000,000	–	–	–	–	–	19,000,000
Trade and other receivables	–	13,473,121	–	–	–	496,151	13,969,272
Refundable deposits*	670,625	–	–	–	–	–	670,625
	₱34,095,860	₱13,473,121	₱–	₱–	₱–	₱496,151	₱48,065,132

**Included under “Other current and noncurrent assets” account*

Liquidity Risk. Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet maturing obligations.

The Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated funds. The Company maintains cash to meet its liquidity requirements for up to a 60-day period. Excess cash are invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The tables below summarize the maturity profile of the Company's financial liabilities as at December 31 based on undiscounted payments:

	2025					
	On Demand	**Less than One Year**	**More than One to Two Years**	**More than Two to Four Years**	**More than Five Years**	**Total**
Due to principals and other payables*	**₱6,256,006**	**₱–**	**₱–**	**₱–**	**₱–**	**₱6,256,006**
Lease liabilities**	**–**	**762,768**	**–**	**–**	**–**	**762,768**
	₱6,256,006	**₱762,768**	**₱–**	**₱–**	**₱–**	**₱7,018,774**

**Excluding payable to government agencies*
***Including future interests amounting to ₱21,273*

	2024					
	On Demand	Less than One Year	More than One to Two Years	More than Two to Four Years	More than Five Years	Total
Due to principals and other payables*	₱4,071,017	₱–	₱–	₱–	₱–	₱4,071,017
Lease liabilities**	–	2,258,508	762,768	–	–	3,021,276
	₱4,071,017	₱2,258,508	₱762,768	₱–	₱–	₱7,092,293

**Excluding payable to government agencies*
***Including future interests amounting to ₱142,351*

Foreign Currency Exchange Risk. The Company's exposure to foreign currency risk results from its cash in banks denominated in United States Dollar (US$), which management believes that such risk is minimal. The exposure in US foreign currency risk is managed by monitoring the foreign exchange movement on a monthly basis.

The carrying amount of the Company's monetary assets denominated in US dollars at the reporting date are as follows:

	December 31, 2025		December 31, 2024	
	US Dollar	**Peso**	US Dollar	Peso
Cash in bank	**$152,691**	**₱8,979,758**	$114,548	₱6,626,061

The sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's net income before income tax and equity for the years ended December 31, 2025 and 2024 are as follows:

	2025		
	Increase (decrease) in Foreign Exchange Rate	**Effect on Income Before Income Tax**	**Effect on Equity**
US$	**(1.66%)**	**(₱149,016)**	**(₱111,762)**
	1.66%	**149,016**	**111,762**

	2024		
	Increase (decrease) in Foreign Exchange Rate	Effect on Income Before Income Tax	Effect on Equity
US$	(4.47%)	(₱296,180)	(₱222,135)
	4.47%	296,180	222,135

The exchange rates used for conversion of US$ amounts to its Peso equivalent is ₱58.81 and ₱57.85 in 2025 and 2024, respectively.

Interest rate risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The primary source of the Company's interest rate risk relates to interest-bearing financial assets, particularly on cash in banks and short-term investments.

As at December 31, 2025 and 2024, the Company's cash in banks and short-term investments have fixed interest rate. The effect of interest rate sensitivity on profit or loss is insignificant.

Capital Management
The primary objective of the Company's capital management is to ensure that it complies with the IC requirements. The Company manages its capital structure and make adjustments whenever there are changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

On October 19, 2018, the IC issued Circular Letter (CL) No. 2018-52 which discusses the minimum requirements for insurance brokers or reinsurance brokers. On March 2, 2022, the IC issued CL No. 2022-09 for guidelines on the licensing requirements for brokers engaged in HMO business. The circular letter was amended on January 10, 2023 in CL No. 2023-02, with the amended minimum requirements summarized below.

Minimum Net Worth Requirements. The Company is subject to externally imposed minimum net worth requirements as follows:

New entrant as an insurance broker or reinsurance broker	₱25,000,000
New entrant as an insurance broker and reinsurance broker	35,000,000
Existing insurance or reinsurance broker	25,000,000
Existing insurance and reinsurance broker	35,000,000

The Company's estimated net worth amounted to ₱61.0 million and ₱53.5 million as at December 31, 2025 and 2024, respectively, which is in compliance with the minimum net worth requirements of the IC for an existing insurance or reinsurance broker engaged in HMO business.

Required Bond for Insurance Brokers. Pursuant to RA No. 10607 enacted on August 15, 2013, every applicant for insurance broker's license shall file with the IC and shall thereafter maintain in force while so licensed, a bond in favor of the People of the Republic of the Philippines executed by a Company authorized to become surety upon official recognizances, stipulations, bonds and undertakings. The bond shall be in such amount as may be fixed by the Commissioner but in no case less than ₱500,000 and shall be conditioned upon full accounting and due payment to the person entitled thereto of funds coming into the broker's possession through insurance transactions under license.

The IC, in the CL, has set the bond requirements for insurance brokers. Every application for issuance of new or renewal of broker's license, except reinsurance broker, shall be accompanied by a bond in the amount of not less than ₱1.0 million in favor of the People of the Republic of the Philippines.

The Company has complied with the required bond for insurance brokers as at December 31, 2025 and 2024.

Required Errors and Omissions Policies. Insurance brokers or reinsurance brokers must file two Errors and Omissions (Professional Liability or Professional Indemnity) insurance policies issued separately by two insurance companies authorized to do business in the Philippines.

The Company has complied with the required errors and omissions policies requirement as at December 31, 2025 and 2024.

No changes were made in the objectives, policies and processes in 2025 and 2024.

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

Segregation of Client's Money Account. Section 315 of the Amended Insurance Code requires every license insurance and/or reinsurance broker to ensure faithful performance of its fiduciary responsibilities on behalf of its clients and partner insurance and/or reinsurance companies. Thus, an insurance and/or reinsurance broker is required to keep client monies in a client account separate from its own monies. It is not allowed to use client monies for any purpose other than for the purposes of the client.

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

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

	2025	2024
Fiduciary Assets		
Cash restricted – client's money	**₱2,959,165**	₱1,741,880
Fiduciary Liabilities		
Due to principals	**2,959,165**	1,741,880
Fiduciary Ratio	**1:1**	1:1

Offsetting Arrangements. This requirement can be covered by disclosure requirements on offsetting financial assets and financial liabilities (see Note 2).

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

17. Fair Value Measurement

The following is a comparison by category of carrying amounts and fair values of the Company's financial instruments that are reflected in the financial statements:

	2025		2024	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Financial assets at amortized cost:				
Cash in banks	**₱18,748,884**	**₱18,748,884**	₱14,425,235	₱14,425,235
Short-term investments	**19,000,000**	**19,000,000**	19,000,000	19,000,000
Trade and other receivables	**16,191,325**	**16,191,325**	13,473,121	13,473,121
Refundable deposits (including current portion under "Other current assets" account)	**1,166,132**	**1,166,132**	670,625	670,625
	₱55,106,341	**₱55,106,341**	₱47,568,981	₱47,568,981
Financial Liabilities				
Financial liabilities at amortized cost -				
Due to principals and other payables*	**₱6,256,006**	**₱6,256,006**	₱4,071,017	₱4,071,017
Lease liabilities	**741,495**	**670,427**	2,878,925	2,730,521
	₱6,997,501	**₱6,926,433**	₱6,949,942	₱6,801,538

**Excluding payable to government agencies*

Financial Assets and Liabilities at Amortized Cost. The carrying amounts of cash in banks, short-term investments, trade and other receivables, refundable deposits (included under "Other current and noncurrent assets" account), trade and other payables and (excluding payable to government agencies) approximate its fair values due to their short-term maturities.

Lease Liabilities. Fair values are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using adjusted quoted market prices of comparable investments or using the discounted cash flow methodology. As at December 31, 2025 and 2024, the discount rates used in determining the fair value of lease liabilities range from 5.29% to 5.50% and 6.05% to 6.08%, respectively. Lease liabilities are measured using level 2 valuation technique.

Fair Value Hierarchy

For the years ended December 31, 2025 and 2024, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

18. **Supplementary Information Required under RR No. 15-2010 of the Bureau of Internal Revenue**

The information for the year 2025 required by the Regulations is presented below.

Output VAT
The Company's output VAT declared for the year ended December 31, 2025 are as follows:

	Gross Sales/Receipts	Output VAT
Service income subject to 12% VAT	₱31,020,093	₱3,722,411

The Company's output VAT payments amounted to ₱2.2 million in 2025.

Input VAT
The Company's input VAT claimed for the year ended December 31, 2025 are as follows:

Balance at beginning of year	₱–
Add current year's domestic purchases/payments for:	
Domestic purchases of services	467,547
Domestic purchases/payments for goods other than capital goods	5,771
Total available input VAT	473,318
Less input VAT applied against output VAT	473,318
Balance at end of year	₱–

All Other Local and National Taxes
All other local and national taxes paid included in "Taxes and licenses" line item under "Operating expenses" account in the statement of comprehensive income in 2025 consists of:

Business permit	₱234,679
BIR annual registration	500
Others	30,731
	₱265,910

Withholding Taxes
The Company's withholding taxes paid and accrued for the year ended December 31, 2025 are as follows:

	Paid	Accrued	Total
Withholding tax on compensation	₱1,505,844	₱372,521	₱1,878,365
Expanded withholding taxes	142,443	14,820	157,263
	₱1,648,287	₱387,341	₱2,035,628

Tax Assessment and Tax Case
The Company has no outstanding tax assessment and tax case as at and for the year ended December 31, 2025.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE

The Stockholders and the Board of Directors
Fubon Insurance Broker (Philippines) Corporation
2nd Floor Pioneer House Bldg.
108 Paseo de Roxas St.
Makati City

We have audited the accompanying financial statements of Fubon Insurance Broker (Philippines) Corporation (the Company), a wholly-owned subsidiary of Fubon Insurance Co. Ltd., as at and for the years ended December 31, 2025 and 2024, on which we have rendered our report dated March 10, 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 stockholders of the Company.

REYES TACANDONG & CO.

PAMELA ANN P. ESCUADRO
Partner
CPA Certificate No. 128829
Tax Identification No. 216-321-918-000
BOA Accreditation No. 4782/P-013; Valid until June 06, 2026
IC Accreditation No. IC-EA-2025-0050-R
Issued January 22, 2026
Valid for Financial Periods 2025 to 2027
SEC Accreditation No. 128829-SEC Group A
Issued March 23, 2021
Valid for Financial Periods 2024 to 2025
BIR Accreditation No. 08-005144-013-2025
Valid until October 20, 2028
PTR No. 10764016
Issued January 2, 2026, Makati City

March 10, 2026
Makati City, Metro Manila