

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 9 0 6 0 0 0

COMPANY NAME

C E B U A N A L H U I L L I E R I N S U R A N C E B R O K E R S , I N
C . D o i n g b u s i n e s s u n d e r t h e n a m e a n d s t
y l e o f C e b u a n a L h u i l l i e r F i n a n c i a l

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

6 t h F l o o r P N B F i n a n c i a l C e n t e r P r e s i d e n
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1 3 0 0 P a s a y C i t y F o u r t h D i s t r i c t N a t i o n a
l C a p i t a l R e g i o n (N C R)

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

Insurance Broker

COMPANY INFORMATION

Company's Email Address

clib_insurance@yahoo.com

Company's Telephone Number

8895-5339

Mobile Number

0920-913-3943

No. of Stockholders

8

Annual Meeting (Month / Day)

April 30

Calendar Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Email Address

Telephone Number

Mobile Number

CONTACT PERSON'S ADDRESS

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 shall not excuse the corporation from liability for its deficiencies.

CEBUANA LHUILLIER INSURANCE BROKERS INC.

*6th Floor PNB Financial Center President Diosdado Macapagal Blvd. Barangay 76 1300 Pasay
City Fourth District National Capital Region (NCR)*

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **CEBUANA LHUILLIER INSURANCE BROKERS INC.** (the Company) 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 in overseeing the Company's financial reporting process.

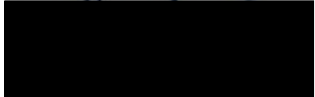
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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



JEAN HENRI D. LHUILLIER

Chairman of the Board and President and CEO



FILEMON CECILIO A. CABUNGCAL
Chief Finance Officer

Signed this 17th day of June, 2026.

Before me, a Notary Public for and in MAKATI CITY this JUN 18 2026 day of _____ personally appeared:

<u>NAME</u>	<u>CTC / ID</u>	<u>DATE AND PLACE ISSUED</u>
<u>TIN</u>		

Jean Henri D. Lhuillier
Felimon Cecilio A. Cabungcal



Known to me to be the same persons executed in the foregoing instrument and that they acknowledged to me that the same is their free and voluntary act and deed and that of the principals they represent.

INWITNESS WHEREOF, I have hereunto affixed my notarial seal at the date and place first above written.

Doc. No. 136
Page No. 28
Book No. 12
Series of 2026.


ATY. RYAN ANTHONY G. PEREÑA
NOTARY PUBLIC for MAKATI CITY
Commission No. M-012 until Dec. 31, 2027
Roll of Attorneys 77327
PTR No. 10764513; 01/02/2026; Makati City
IBP OR No. 566188; 12/16/2025; Pasig City
MCLE Compliance No. VIII-0000389
8553 San Jose St., Guadalupe Nuevo, Makati City



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Cebuana Lhuillier Insurance Brokers, Inc.
6th Floor PNB Financial Center
President Diosdado Macapagal Blvd.
Barangay 76, 1300 Pasay City
Fourth District National Capital Region (NCR)

Opinion

We have audited the financial statements of Cebuana Lhuillier Insurance Brokers, Inc. (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 ended December 31, 2025 and 2024, and notes to the financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) 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 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 6, 2029

SEC Accreditation No. 128829-SEC Group A

Issued March 23, 2021

Valid for Financial Periods 2020 to 2025

IC Accreditation No. IC-EA-2025-0050-R

Issued January 22, 2026

Valid for Financial Periods 2025 to 2027

BIR Accreditation No. 08-005144-013-2025

Valid until October 20, 2028

PTR No. 10764016

Issued January 2, 2026, Makati City

June 17, 2026

Makati City, Metro Manila

CEBUANA LHUILLIER INSURANCE BROKERS, INC.

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Current Assets			
Cash	4	₱509,541,982	₱227,250,006
Trade and other receivables	5	350,895,574	298,149,555
Other current assets	6	11,888,376	14,378,042
Total Current Assets		872,325,932	539,777,603
Noncurrent Assets			
Property and equipment	7	55,243,974	61,843,423
Computer software	8	19,588,381	7,222,470
Refundable deposits - net of current portion	17	2,093,619	2,093,619
Net retirement plan asset	15	3,296,941	4,126,765
Net deferred tax assets	16	11,847,904	5,487,834
Total Noncurrent Assets		92,070,819	80,774,111
		₱964,396,751	₱620,551,714
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	9	₱365,832,937	₱248,352,987
Current portion of lease liabilities	17	5,108,564	4,945,305
Income tax payable		1,858,695	—
Total Current Liabilities		372,800,196	253,298,292
Noncurrent Liability			
Lease liabilities - net of current portion	17	14,290,936	18,974,863
Total Liabilities		387,091,132	272,273,155
Equity			
Capital stock		95,000,000	95,000,000
Stock dividends distributable	11	160,550,000	98,800,000
Retained earnings		316,952,498	149,675,438
Cumulative remeasurement gain on net retirement plan asset	15	4,803,121	4,803,121
Total Equity		577,305,619	348,278,559
		₱964,396,751	₱620,551,714

See accompanying Notes to Financial Statements.

CEBUANA LHUILLIER INSURANCE BROKERS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31	
		2025	2024
SERVICE INCOME	17	₱1,107,381,061	₱846,340,470
COST OF SERVICES	12	648,226,748	503,785,548
GROSS INCOME		459,154,313	342,554,922
OPERATING EXPENSES	13	(153,070,221)	(149,533,319)
OTHER INCOME – NET	14	363,936	9,552,082
INTEREST EXPENSE ON LEASE LIABILITIES	17	(1,186,996)	(1,009,830)
INCOME BEFORE INCOME TAX		305,261,032	201,563,855
PROVISION FOR (BENEFIT FROM) INCOME TAX	16		
Current		82,594,042	56,435,332
Deferred		(6,360,070)	(3,967,033)
		76,233,972	52,468,299
NET INCOME		229,027,060	149,095,556
OTHER COMPREHENSIVE INCOME			
<i>Item that will not be reclassified to profit or loss</i>			
Remeasurement gain on net retirement plan asset			
(net of tax effect of ₱5,912 in 2024)	15	–	17,736
TOTAL COMPREHENSIVE INCOME		₱229,027,060	₱149,113,292

See accompanying Notes to Financial Statements.

CEBUANA LHUILLIER INSURANCE BROKERS, INC.

STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31	
	Note	2025	2024
CAPITAL STOCK - ₱100 par value			
Authorized - 1,000,000 shares			
Issued and outstanding - 950,000 shares		₱95,000,000	₱95,000,000
STOCK DIVIDENDS DISTRIBUTABLE			
Balance at beginning of year		98,800,000	—
Stock dividends	11	61,750,000	98,800,000
Balance at end of year		160,550,000	98,800,000
RETAINED EARNINGS			
Unappropriated			
Balance at beginning of year		149,675,438	23,379,882
Net income		229,027,060	149,095,556
Appropriations	11	(240,000,000)	—
Stock dividends	11	(61,750,000)	(98,800,000)
Transfer from appropriated retained earnings		—	76,000,000
Balance at end of year		76,952,498	149,675,438
Appropriated			
	11		
Balance at beginning of year		—	76,000,000
Appropriations		240,000,000	—
Transfer to unappropriated retained earnings		—	(76,000,000)
Balance at end of year		240,000,000	—
		316,952,498	149,675,438
CUMULATIVE REMEASUREMENT GAIN ON NET RETIREMENT PLAN ASSET			
	15		
Balance at beginning of year		4,803,121	4,785,385
Remeasurement gain		—	17,736
Balance at end of year		4,803,121	4,803,121
		₱577,305,619	₱348,278,559

See accompanying Notes to Financial Statements.

CEBUANA LHUILLIER INSURANCE BROKERS, INC.

STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		₱305,261,032	₱201,563,855
Adjustments for:			
Provision for expected credit losses on trade receivables (ECL)	5	22,293,612	7,581,943
Depreciation and amortization	7	17,752,395	8,963,681
Interest expense on lease liabilities	17	1,186,996	1,009,830
Net retirement benefit expense	15	829,824	86,408
Interest income	4	(325,144)	(231,361)
Provision for probable losses	9	—	4,000,000
Loss on retirement of leasehold improvements	7	—	1,199,365
Operating income before working capital changes		346,998,715	224,173,721
Decrease (increase) in:			
Trade and other receivables		(75,039,631)	(153,126,551)
Other current assets		2,489,666	5,102,909
Increase in trade and other payables		117,479,950	66,147,001
Net cash generated from operations		391,928,700	142,297,080
Income taxes paid		(80,735,347)	(56,435,332)
Interest received		325,144	231,361
Net cash provided by operating activities		311,518,497	86,093,109
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Computer software	8	(14,659,788)	—
Property and equipment	7	(9,563,561)	(33,114,178)
Refundable deposit		—	(75,848)
Proceeds from disposal of property and equipment	7	704,492	245,914
Net cash used in investing activities		(23,518,857)	(32,944,112)
CASH FLOW FROM A FINANCING ACTIVITY			
Payments of lease liabilities	17	(5,707,664)	(4,771,936)
NET INCREASE IN CASH		282,291,976	48,377,061
CASH AT BEGINNING OF YEAR		227,250,006	178,872,945
CASH AT END OF YEAR		₱509,541,982	₱227,250,006

See accompanying Notes to Financial Statements.

CEBUANA LHUILLIER INSURANCE BROKERS, INC.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. Corporate Information

Cebuana Lhuillier Insurance Brokers, Inc. doing business under the name and style of Cebuana Lhuillier Financial (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 11, 2019 to act as broker soliciting, procuring, negotiating, receiving, managing, and forwarding applications for non-life, life, pre-need, mutual funds and HMO (Health Management Organization) and all other kinds of insurance contracts, or in any other manner aiding in taking out insurance, collecting payments of premiums due on such policies, and doing such other business as may be delegated to brokers of such companies in the conduct of a general insurance brokerage business.

The registered office of the Company is 6th Floor PNB Financial Center President Diosdado Macapagal Blvd. Barangay 76, 1300 Pasay City, Fourth District National Capital Region (NCR).

On February 24, 2020, the Insurance Commission (IC) granted the Company's license to operate as an insurance broker and HMO broker valid until December 31, 2025. On January 29, 2026, the IC granted the Company a renewal certificate as an insurance broker under license number IB-04-2026-R and as an HMO broker under license number HMOB-02-2026-R both valid until December 31, 2028.

On March 1, 2020, the Company commenced its operations as a regular insurance broker on behalf of its principal insurance companies.

Approval of the Financial Statements

The financial statements 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 June 17, 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 the 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 provisions.

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 a historical cost basis of accounting except for net retirement plan asset which is measured at fair value of plan assets net of present value of defined benefit obligation and lease liabilities which is measured at present value of minimum lease payments. 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 19, *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

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 Accounting Standards 9, *Financial Instruments*, and PFRS Accounting Standards 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS Accounting Standards 7, *Financial Instruments: Disclosures* – The amendments update and 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. Earlier application is permitted.
 - Amendments to PFRS Accounting Standards 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS Accounting Standards 9, 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 also replace the reference to ‘transaction price as defined by PFRS Accounting Standards 15, Revenue from Contracts with Customers’ to ‘the amount determined by applying PFRS Accounting Standards 15’ to remove potential confusion. Earlier application is permitted.
 - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term ‘cost method’ with ‘at cost’ following the deletion of the definition of ‘cost method’. Earlier application is permitted.

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

- PFRS Accounting Standards 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 new and amendments to PFRS Accounting Standards is not expected to have any material effect on the financial statements of the Company. For the adoption of PFRS 18, while it is not expected to have a material impact on the Company's financial position or financial performance, it will result in changes in the presentation, classification, and aggregation of items in the statements of comprehensive income and related disclosures as required by the standard.

Financial Instruments

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

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of 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 fair value through profit or loss (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 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, trade and other receivables and refundable deposits (included under "Other current assets" and "Refundable deposits – net of current portion" accounts) are classified under this category (see Notes 4, 5, 6 and 17).

Cash. Cash includes cash on hand and in banks which are measured at face value. Cash in banks earn interest at prevailing bank deposit rates.

Impairment. The Company recognizes an allowance for ECL on its receivables. For trade receivables, the Company has applied the simplified approach in measuring ECL.

Simplified approach requires that ECL should always be based on the lifetime 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 financial instruments measured at amortized cost, the ECL is based on the 12-month ECL which pertains to the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company measures impairment loss at an amount equivalent to the 12-month ECL for financial assets that are determined to have low credit risk and those financial assets for which credit risk has not increased significantly 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).

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 trade and other payables (excluding statutory liabilities, deferred output value-added tax (VAT), provision for probable losses and unearned income) and lease liabilities are classified under this category (see Notes 9 and 17).

Classification of Financial Instrument between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- 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 a financial liability.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

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

Other Current Assets

Other current assets mainly include refundable deposits, prepaid rent and creditable withholding tax (CWT), initially recorded at transaction cost.

Refundable deposits. Refundable Deposits pertain to lease and utility deposits. These are initially recorded at transaction cost and are refundable at the end of lease term. Refundable deposits pertaining to short-term leases are classified as current, otherwise, they are considered noncurrent.

Prepaid rent. Prepaid rent are expenses paid in advance and recorded as asset before these are utilized. Prepaid rent are stated at cost less any impairment in value. Prepayments are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred.

CWT. CWT represents 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. CWT is recognized at transaction amount less provision for impairment loss, if any.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation, 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) asset 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 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.

Major renovations that qualify for capitalization are depreciated and amortized over the remaining useful life of the related property and equipment or to the date of the next major renovation, whichever is earlier.

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
Leasehold improvements	5
ROU assets	3 to 5 or lease term, whichever is shorter
Office equipment, furniture and fixtures	5
Computer equipment	5
Transportation equipment	5

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.

Computer Software

Computer software is stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment loss.

Amortization of computer software commences when the asset is in its location or condition capable of being operated in the manner intended by management. Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date the asset is derecognized.

Computer software is amortized over its useful life of five years on a straight-line basis and assessed for impairment whenever there is an indication that the computer software may be impaired. The estimated useful life and amortization method for computer software are reviewed at least annually. Changes in the expected useful life or expected pattern of consumption of future economic benefits embodied in the computer software are recognized as part of current operations.

When computer software is retired or otherwise disposed of, the cost and the related accumulated amortization and any impairment losses are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Impairment of Property and Equipment and Computer Software

At each reporting date, property equipment and computer software 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.

Stock Dividends Distributable. Stock dividends are recognized as stock dividends distributable and deducted from retained earnings in the year in which the dividends are approved by the BOD. In cases when stock dividends are declared in conjunction with the application for increase in authorized capital stock, stock dividends will be distributed upon approval of the SEC of the application for the increase in authorized capital stock.

Retained Earnings. Retained earnings represent the cumulative balance of net income, net of dividend declarations. Cash dividends are recognized as liability and deducted from equity when these are approved by the BOD of the Company. Stock dividends are deducted from retained earnings when the right to distribute the shares has been established usually upon declaration by the BOD and approval of the stockholders. Dividends that are approved after the reporting year are dealt with as an event after the reporting date.

Appropriated retained earnings represent that portion which has been restricted and are not available for dividend declaration. Unappropriated retained earnings represent that portion which can be declared as dividend to the shareholders of the Company.

Cumulative Remeasurement Gain on Net Retirement Asset. This pertains to accumulated remeasurement gains or losses on net retirement asset, which are not recognized in profit or loss. Remeasurement gain or loss when earned or incurred for the period are classified as other comprehensive income or loss and presented after net income in the statement of comprehensive income. The accumulated remeasurement gains or losses are separately presented in the equity section of the statement of financial position.

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 all of its revenue sources.

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

Service Income. Service income which consist of service fee and commission 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. Income received in advance as at reporting date is recorded at face amount and are recognized as revenue when the Company performs under the contract. Accordingly, commission received in advance are recorded as unearned income and presented as "Others" under trade and other payables in the statement of financial position.

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

Rental Income. Rental income on leased property is recognized on a straight-line basis over the lease term.

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

Cost and Expense Recognition

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 cost directly attributable to the revenue generating activities of the Company. It is recognized when the related expense to render the services are incurred.

Operating Expenses. Operating expenses constitute cost of administering the business and costs incurred to market and sell the services. These are expensed as incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Related Party Transactions and Relationships

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.

Leases

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

- a. The right to obtain substantially all of the economic benefits from the use of the identified asset; and
- b. The right to direct the use of the identified asset.

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

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

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

ROU Asset. At commencement date, the Company measures ROU asset at cost. The cost comprises:

- a. The amount of the initial measurement of lease liability;
- b. Any lease payments made at or before the commencement date less any lease incentives received;
- c. Any initial direct costs; and
- d. An estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

The ROU asset is 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 asset is carried at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU asset is depreciated over the shorter of the lease terms or the useful lives of the underlying assets ranging from three to five years. The ROU asset is included as part of "Property and equipment" account in the statement of financial position.

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.

Lease payments included in the measurement of a lease liability comprise the following:

- a. Fixed payments, including in-substance fixed payments;
- b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c. Amounts expected to be payable by the lessee under residual value guarantees; and

- d. The exercise price under a purchase option that the Company is reasonably certain to exercise; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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.

Lease liability is classified in the statement of financial position as current liabilities when it is expected to be paid for no more than 12 months after the financial year. Otherwise, lease liability is classified as noncurrent liabilities.

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 has a funded, noncontributory defined benefit plan covering all its qualified employees. The cost of retirement benefits is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, net interest on the net retirement plan asset and remeasurements of net defined retirement plan asset in the statements of comprehensive income.

Service costs which include current service cost, past service cost, and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service cost is recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net retirement plan asset is the change during the period in the net retirement plan asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net retirement plan asset. Net interest on the net retirement plan asset is recognized as interest income in statements of comprehensive income.

The net retirement plan asset is the surplus of the fair value of plan assets on which the retirement liability is to be settled directly less the present value of defined benefit obligation. The present value of the defined benefit obligation 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 defined benefit obligations. If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting net retirement plan asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Remeasurements, comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive account in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

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 the effect of items recognized as OCI or items directly recognized 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.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the year 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 estimate. 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 insurance broker operations. Service income which includes service fees and commission earned in 2025 and 2024 are disclosed in Note 17.

Classifying Leases - The Company as a Lessor. The Company entered into a sublease agreement covering certain store spaces in its mall branches with a related party. The Company determined, based on the evaluation of terms and conditions of agreement, that the lessor retains all the significant risks and rewards of ownership of the commercial property. Thus, the agreement is accounted for as an operating lease.

Rental income earned in 2025 and 2024 are disclosed in Note 14 and 17.

Classifying Leases – The Company as a Lessee. The Company, as a lessee, has an existing renewable lease agreement with a related party covering its office space. For the Company's non-cancellable lease, the Company recognizes ROU asset and lease liability 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 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.

Depreciation on ROU assets in 2025 and 2024 are disclosed in Note 7. Interest expense on lease liabilities in 2025 and 2024 are disclosed in Note 17.

The ROU assets included under "Property and equipment" account and lease liabilities recognized in the statements of financial position as at December 31, 2025 and 2024 are disclosed in Note 17.

Rent expense presented under "Operating expenses" line item, arising from short-term leases incurred in 2025 and 2024 are disclosed in Note 13.

Determining the Incremental Borrowing Rate (IBR) on Lease. The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities.

The incremental borrowing rate is the rate of interest 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 a similar value to the ROU asset in a similar economic environment. The Company estimates the IBR using available observable inputs, such as the prevailing Bloomberg Valuation Service (BVAL) interest rates, adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

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

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

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

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

The Company has assessed that the forward-looking default rate component of its ECL is not material because substantial amounts of trade receivables are normally collected within one year, or are to be collected from related parties, which can be easily collected by the Company on demand. Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Company from its trade receivables. ECL on cash and cash equivalents is not material because the transactions were entered into by the Company only with reputable banks with good credit standing and relatively low risk of defaults.

The carrying amount of financial assets at amortized cost as at December 31, 2025 and 2024 are disclosed in Notes 4, 5 and 17.

Estimating the Useful Lives of Property and Equipment and Computer Software. The Company estimates the useful lives of property and equipment and computer software 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.

There was no change in the estimated useful lives of property and equipment and computer software in 2025 and 2024. The carrying amount of property and equipment and computer software as at December 31, 2025 and 2024 are disclosed in Note 7 and 8, respectively.

Assessing Impairment Losses on Property and Equipment and Computer Software. The Company assesses the impairment on its property and equipment and computer software 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 property and equipment and computer software and accordingly, no impairment losses were recognized in 2025 and 2024.

The carrying amount of property and equipment and computer software as at December 31, 2025 and 2024 are disclosed in Notes 7 and 8, respectively.

Determination of Cost of Retirement Benefit Expense and Net Retirement Plan Asset. The determination of the obligation and cost of retirement benefit and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rate, expected return on plan assets, and salary increase rate. In accordance with the relevant PFRS, 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 pension obligations.

As of the reporting date, the Company utilized the most recent actuarial valuation available in determining its retirement benefit obligation, adjusted for current period movements such as service cost, interest cost, and benefit payments. Management assessed that there were no significant changes in employee demographics, plan provisions, or key assumptions that would materially affect the results of the prior valuation. Accordingly, the adjusted valuation is considered a reasonable estimate of the retirement benefit obligation as of the reporting date.

The net retirement plan asset as at December 31, 2025 and 2024 are disclosed in Note 15.

Assessing Provisions and Evaluating Contingencies. Provisions can be distinguished from other liabilities because there is uncertainty about the timing and amount of settlement. The most common provisions recorded by the Company arise from obligations in relation to unasserted claims. Contingent liabilities of the Company are not recognized but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Moreover, the Company's accounting policy requires recognition of the best estimate of the amount that would be required to settle an obligation and the estimate may be based on information that produces a range of amounts. Based on management and legal counsel assessments, the Company believes that its provisions are adequate for all open tax years based on its assessment of many factors, including interpretation of laws and prior years' experience.

The Company's outstanding provision for unasserted claims and assessments included as part of other payables line item under "Trade and other payables" account as at December 31, 2025 and 2024 are disclosed in Note 9.

Assessing the Realizability of Deferred Tax Asset. The Company reviews the carrying value of deferred tax asset at the end of each financial reporting date and reduces the carrying value to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company also reviews the expected timing and tax rate upon reversal of temporary differences and adjusts the impact of deferred tax accordingly.

Recognized gross deferred tax assets offset against deferred tax liabilities as at December 31, 2025 and 2024 are disclosed in Note 16.

4. Cash

This account consists of:

	2025	2024
Cash in banks	₱509,378,982	₱226,346,309
Cash on hand	163,000	903,697
	₱509,541,982	₱227,250,006

Cash in banks earn interest at the prevailing bank deposit rates. Interest income amounted to ₱325,144 and ₱231,361 in 2025 and 2024, respectively (see Note 14). Cash in banks includes client's money as required by the Amended Insurance Code amounting to ₱102.4 million and ₱52.7 million as at December 31, 2025 and 2024, respectively (see Note 18).

5. Trade and Other Receivables

This account consists of:

	Note	2025	2024
Trade receivables			
Third parties		₱220,814,054	₱185,022,755
Related parties	10	148,522,666	107,336,235
Due from related parties	10	7,485,629	6,934,134
Due from principals		4,063,944	6,818,483
Others		2,215,668	1,950,723
		383,101,961	308,062,330
Less allowance for ECL		32,206,387	9,912,775
		₱350,895,574	₱298,149,555

Trade receivables consist of commissions due from principal insurance companies and service fee earned from related parties. Commissions are noninterest-bearing and are generally collected upon remittance of the premiums to the principal insurance companies which is normally within 90 to 120 days.

Due from principals pertain to claims released to the beneficiaries which are collectible from principal insurance companies.

The movement in allowance for ECL on trade and other receivables is as follows:

	Note	2025	2024
Balance at beginning of year		₱9,912,775	₱5,905,607
Provision for ECL	13	22,293,612	7,581,943
Write-off		—	(3,574,775)
Balance at end of year		₱32,206,387	₱9,912,775

6. Other Current Assets

This account consists of:

	Note	2025	2024
Refundable deposits	17	₱8,698,200	₱7,979,159
Prepaid rent	17	2,864,367	1,894,934
CWT		—	3,717,178
Others		325,809	786,771
		₱11,888,376	₱14,378,042

Refundable deposits arise from operating lease agreements which is measured at initial transaction cost. This includes refundable deposit on lease agreements with a related party amounting to ₱0.6 million as at December 31, 2025 and 2024 (see Note 10).

7. Property and Equipment

Movements in this account are summarized below:

2025						
	Leasehold Improvements	ROU Assets (see Note 17)	Office Equipment, Furniture and Fixtures	Computer Equipment	Transportation Equipment	Total
Cost						
Balance at beginning of year	₱39,807,619	₱28,300,232	₱3,536,106	₱581,440	₱3,837,013	₱76,062,410
Additions	6,285,831	—	1,279,882	1,997,848	—	9,563,561
Retirement and disposal	—	—	—	—	(1,231,893)	(1,231,893)
Balance at end of year	46,093,450	28,300,232	4,815,988	2,579,288	2,605,120	84,394,078
Accumulated Depreciation and Amortization						
Balance at beginning of year	6,349,194	5,123,822	1,169,030	366,329	1,210,612	14,218,987
Depreciation and amortization	7,882,290	5,823,342	869,318	362,544	521,024	15,458,518
Retirement and disposal	—	—	—	—	(527,401)	(527,401)
Balance at end of year	14,231,484	10,947,164	2,038,348	728,873	1,204,235	29,150,104
Carrying Amounts	₱31,861,966	₱17,353,068	₱2,777,640	₱1,850,415	₱1,400,885	₱55,243,974

2024						
	Leasehold Improvements	ROU Assets (see Note 17)	Office Equipment, Furniture and Fixtures	Computer Equipment	Transportation Equipment	Total
Cost						
Balance at beginning of year	₱10,652,472	₱1,773,886	₱1,720,152	₱581,440	₱4,144,406	₱18,872,356
Additions	31,298,224	26,526,346	1,815,954	—	—	59,640,524
Retirement and disposal	(2,143,077)	—	—	—	(307,393)	(2,450,470)
Balance at end of year	39,807,619	28,300,232	3,536,106	581,440	3,837,013	76,062,410
Accumulated Depreciation and Amortization						
Balance at beginning of year	5,115,758	673,095	600,816	249,949	466,560	7,106,178
Depreciation and amortization	2,177,148	4,450,727	568,214	116,380	805,531	8,118,000
Retirement and disposal	(943,712)	—	—	—	(61,479)	(1,005,191)
Balance at end of year	6,349,194	5,123,822	1,169,030	366,329	1,210,612	14,218,987
Carrying Amounts	₱33,458,425	₱23,176,410	₱2,367,076	₱215,111	₱2,626,401	₱61,843,423

Depreciation and amortization arise from the following:

	Note	2025	2024
Property and equipment		₱15,458,518	₱8,118,000
Computer software	8	2,293,877	845,681
	13	₱17,752,395	₱8,963,681

In 2025, the Company sold a transportation equipment at carrying amount for ₱0.7 million.

In 2024, the Company sold a transportation equipment at carrying amount for ₱0.2 million and retired leasehold improvements with carrying amount of ₱1.2 million resulting to a loss on retirement recognized as part of "Operating expenses" account of ₱1.2 million (see Note 13).

8. Computer Software

Movements of this account are as follows:

	Note	2025	2024
Cost			
Balance at beginning of year		₱9,594,915	₱9,594,915
Additions		14,659,788	–
Balance at end of year		24,254,703	9,594,915
Accumulated Amortization			
Balance at beginning of year		2,372,445	1,526,764
Amortization	7	2,293,877	845,681
Balance at end of year		4,666,322	2,372,445
Carrying Amount		₱19,588,381	₱7,222,470

Additions during the year mainly pertain to acquisition cost of insurance management system and an insurance application developed by a related party.

9. Trade and Other Payables

This account consists of:

	Note	2025	2024
Trade:			
Related parties	10	₱140,200,093	₱79,396,775
Third parties		133,099,853	79,145,194
Statutory liabilities		42,203,658	35,890,254
Due to related parties	10	12,907,161	1,055,956
Accruals for:			
Advertising		6,028,804	5,093,804
Software maintenance fee	10	5,818,686	–
Payroll		4,367,461	6,640,655
Transportation and travel		3,915,720	5,992,132
Rent	10	990,520	921,988
Others		672,527	–
Provision for probable loss		8,210,943	9,538,965
Deferred output VAT		–	9,690,272
Others		7,417,511	14,986,992
		₱365,832,937	₱248,352,987

Trade payable to related parties pertains to commissions to branch network of pawnshops and remittance centers for the marketing and selling of insurance policies. Trade payable to third parties pertain to premium collections not yet remitted to principal insurance companies. Trade payables are noninterest-bearing and are normally settled within 15 - 120 days.

Statutory liabilities pertain to output VAT payable, withholding taxes payable and statutory contributions which are normally settled within the subsequent month.

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

Others in 2024 include unearned income amounting to ₱4.3 million which was refunded in 2025.

Movements in provision for probable loss are as follows:

	Note	2025	2024
Balance at beginning of year		₱9,538,965	₱5,538,965
Settlements		(1,328,022)	—
Provisions	13	—	4,000,000
Balance at end of year		₱8,210,943	₱9,538,965

10. Related Party Transactions

In the ordinary course of business, the Company has transactions with related parties. These are summarized below:

Relationship	Accounts	Note	Nature of Transactions	Note	2025		2024	
					Transactions During the Year	Outstanding Balances	Transactions During the Year	Outstanding Balances
Entities with common stockholders	Trade receivables	5	Service fees	a	₱688,985,150	₱148,522,666	₱648,605,411	₱107,336,235
	Trade payables	9	Commission	a	₱560,511,478	₱140,200,093	₱463,054,836	79,396,775
	Accruals	9	Software maintenance fee	b	₱18,698,446	₱5,818,686	₱—	₱—
	Accruals	9	Lease of office space and warehouse space	b	₱68,532	₱990,520	₱—	₱921,988
	Other current assets	17	Refundable deposit arising from lease agreements	b	₱—	₱586,265	₱—	₱586,265
	Due from related parties		Working capital advances		₱551,495	₱7,485,629	₱2,822,949	₱6,934,134
		17	Rental income	c	37,250	—	9,340,099	—
		5				₱7,485,629		₱6,934,134
	Due to related parties		Working capital advances		₱11,851,205	₱12,907,161	₱39,248,096	₱1,055,956
		13	IT support services	b	3,850,724	—	3,667,356	—
		13	Management fees	b	992,250	—	945,000	—
		9				₱12,907,161		₱1,055,956

- a. The Company has service contracts with entities with common stockholders whereby the latter render sales and marketing services through branch networks of pawnshops and remittance centers to market insurance products (see Note 17). Service fees collected by related parties on behalf of the Company amounted to ₱689.0 million and ₱648.6 million in 2025 and 2024, respectively. Commission expense due to related parties amounted to ₱560.5 million and ₱463.1 million in 2025 and 2024, respectively (see Note 12).

- b. The Company has software maintenance, IT, management and support services agreements as well as operating lease agreements with entities with common stockholders (see Note 17).
- c. The Company has a sublease agreement with an entity under common stockholders wherein the latter leases certain store spaces for the Company's mall branches (see Note 17).

Outstanding balances of transactions with related parties at year-end are unsecured, payable on demand and settlements are made in cash. The Company did not provide for any impairment loss on related party receivables in 2025 and 2024. Management assesses impairment each financial year by reviewing the financial position of each related party and the market in which the related party operates.

Compensation of Key Management Personnel

Compensation of key management personnel which pertains to short-term and retirement benefits aggregated to ₱14.6 million and ₱32.0 million in 2025 and 2024, respectively.

11. Equity

Capital Stock

On September 27, 2024, the Company's BOD and stockholders approved the Company's increase in authorized capital stock from ₱100.0 million divided into 1,000,000 shares at ₱100 par value to ₱500.0 million divided into 5,000,000 shares with the same par value. Of the increase, ₱100.0 million divided into 1,000,000 shares at ₱100 par value has been subscribed, of which ₱98.8 million divided into 988,000 shares at ₱100 par value will be paid by way of stock dividends and ₱1.2 million will be paid by the stockholders in cash upon the SEC's approval of the application for increase in capital stock. The application for increase in capital stock was submitted to the SEC on August 20, 2024, and as of reporting date, such application is pending approval from the SEC.

Retained Earnings

Stock Dividends

The BOD approved the following stock dividends:

Date of Declaration	No. of shares	Amount of Dividends	
		Per Share	Total
April 8, 2025	617,500	₱100.00	₱61,750,000
September 27, 2024	988,000	100.00	98,800,000

Pending the approval of the application for increase in capital stock, stock dividends declared are separately presented as "Stock dividends distributable" amounting to ₱160.6 million and ₱98.8 million as at December 31, 2025 and 2024, respectively.

Appropriation

On December 17, 2025, the BOD approved the appropriation of ₱240.0 million for the Company's business expansion and other corporate projects which are expected to be completed in August 2026.

On December 27, 2023, the BOD approved the appropriation of its retained earnings amounting to ₱76.0 million for the purpose of the Company's declaration of stock dividends in 2024. On April 12, 2024, the BOD approved the reversal of 2023 appropriation of retained earnings of ₱76.0 million in relation to stock dividends.

12. Cost of Services

This account consists of:

	Note	2025	2024
Commission:			
Related parties	17	₱560,511,478	₱463,054,836
Third parties		36,081,093	10,971,115
Salaries and employee benefits		51,634,177	29,759,597
		₱648,226,748	₱503,785,548

13. Operating Expenses

This account consists of:

	Note	2025	2024
Provision for ECL on trade receivables	5	₱22,293,612	₱7,581,943
Rent	17	19,888,792	19,136,025
Advertising and promotions		19,658,422	27,125,432
Software maintenance fee	10	18,698,446	—
Depreciation and amortization	7	17,752,395	8,963,681
Professional fees		10,775,408	6,632,726
Outside services		7,550,225	1,205,367
Taxes and licenses		7,075,699	4,599,035
Salaries and employee benefits		5,616,221	30,739,478
Transportation and travel		5,344,149	14,769,468
Representation		4,183,055	3,431,491
IT services	17	3,850,724	3,667,356
Utilities		2,189,976	1,604,838
Telecommunications		1,491,693	1,538,485
Management fees	17	992,250	945,000
Repairs and maintenance		817,341	499,745
Insurance		763,816	519,553
Supplies		658,601	898,666
Dues and subscriptions		622,523	153,229
Trainings and seminars		586,783	3,544,901
Deliveries and handling		250,993	1,351,242
Provision for probable loss	9	—	4,000,000
Loss on retirement of leasehold improvements	7	—	1,199,365
Others		2,009,097	5,426,293
		₱153,070,221	₱149,533,319

Others include the payment of interest on deficiency taxes amounting to ₱0.3 million in 2025 and deficiency taxes aggregating to ₱5.0 million in 2024.

14. Other Income – net

This account consists of:

	Note	2025	2024
Interest income	4	₱325,144	₱231,361
Rental income	17	37,250	9,340,099
Foreign exchange income (loss)		1,542	(19,378)
		₱363,936	₱9,552,082

15. Retirement Benefits

The Company has a funded, noncontributory defined benefit retirement plan covering all of its qualified employees.

The following tables summarize the components of net retirement benefit expense recognized in the statements of comprehensive income, the movements and amounts recognized in the statements of financial position. The Company's latest actuarial valuation is as at December 31, 2024.

The net retirement benefit expense included as part of "Salaries and employee benefits" line item under "Operating expenses" account consists of:

	2025	2024
Current service cost	₱1,379,661	₱141,799
Net interest benefit	(549,837)	(55,391)
	₱829,824	₱86,408

Net retirement plan asset as at December 31, 2025 and 2024 recognized in the statements of financial position follows:

	2025	2024
Fair value of plan asset	₱12,315,461	₱11,326,444
Present value of defined benefit obligation	9,018,520	7,199,679
Net retirement plan asset	₱3,296,941	₱4,126,765

The changes in the fair value of plan assets are as follows:

	2025	2024
Balance at beginning of year	₱11,326,444	₱19,647,188
Interest income	989,017	987,488
Remeasurement loss	–	(8,414,000)
Benefits paid	–	(894,232)
Balance at end of year	₱12,315,461	₱11,326,444

The changes in the present value of defined benefit obligation are as follows:

	2025	2024
Balance at beginning of year	₱7,199,679	₱15,457,663
Current service cost	1,379,661	141,799
Interest cost	439,180	932,097
Remeasurement gain	–	(8,437,648)
Benefits paid	–	(894,232)
Balance at end of year	₱9,018,520	₱7,199,679

The Company does not expect to contribute to the retirement plan in 2026.

The cumulative remeasurement gain on net retirement plan asset recognized in OCI are as follows:

	2025		
	Cumulative Remeasurement Gain	Deferred Tax	Net
Balance at beginning and end of year	₱6,404,161	₱1,601,040	₱4,803,121

	2024		
	Cumulative Remeasurement Gain	Deferred Tax	Net
Balance at beginning of year	₱6,380,513	₱1,595,128	₱4,785,385
Remeasurement gain	23,648	5,912	17,736
Balance at end of year	₱6,404,161	₱1,601,040	₱4,803,121

The distribution of the plan assets of the P.J. Lhuillier Group of which 1% is attributed to the Company as at December 31, 2025 and 2024, respectively.

	2025	2024
Investment in debt securities	₱6,114,626	₱5,623,579
Investment in equity securities	3,884,296	3,572,360
Investment in UITF	1,139,180	1,047,696
Cash and cash equivalents	575,132	528,945
Mutual funds	424,884	390,762
Accounts receivable	177,343	163,102
Total plan assets	₱12,315,461	₱11,326,444

The plan exposes the Company to the following risks:

- *Salary risk* - any increase in the retirement plan participants' salary will increase the retirement plan's liability
- *Longevity risk* - any increase in the plan participants' life expectancy will increase the retirement plan's liability

- *Interest rate risk* - a decrease in the bond interest rate will increase the present value of the retirement liability. However, partially counterbalanced by an increase in the return on the plan assets
- *Investment risk* - if the actual return on plan assets is below the discount rate used in calculating the present value of the retirement liability, a plan deficit will arise.

The principal assumptions used in determining the present value of defined benefit obligation of the Company are shown below:

	2025	2024
Discount rate	6.10%	6.10%
Salary increase rate	4.00%	4.00%

A sensitivity analysis was done on the calculation of the present value of defined benefit obligation using the projected unit credit method and assuming change in significant assumptions, particularly the salary increase rates and the discount rates. Results of sensitivity analyses on the net retirement benefit liability for significant assumptions as at December 31, 2025 is shown below:

	Change in Assumption	Impact	Present Value of Defined Benefit Obligation
Discount rate	+0.5%	(P694,426)	P8,324,094
	-0.5%	604,241	9,622,761
Salary increase rate	-1.0%	(270,556)	9,289,076
	+1.0%	450,926	8,567,594

The schedule below presents a projection of benefit payments expected to be paid out of the plan assets.

Period	Amount
One year and less	P391,788
More than one year to five years	1,108,870
More than five year to ten years	6,605,756
More than ten years to 15 years	16,184,241
More than 15 years to 20 years	13,363,608
More than 20 years	51,152,470
	P88,806,733

The average duration of the net retirement benefit liability as at December 31, 2025 is 13 years.

16. Income Taxes

The Company's provision for current income tax represents regular corporate income tax (RCIT) in 2025 and 2024.

The income tax rates used in preparing the financial statements are 25% for RCIT and 2% MCIT in 2025 and 2024.

The components of the Company's net deferred tax assets as at December 31, 2025 and 2024 are as follows:

	2025	2024
Deferred tax assets on:		
Allowance for ECL on receivables	₱8,051,597	₱2,478,194
Accruals for advertising and others	1,675,332	1,273,450
Accruals for software maintenance fee	1,454,672	—
Accruals for transportation and travel	978,930	1,498,033
Excess of lease liabilities over ROU assets	511,608	185,940
Unearned income	—	1,083,908
	12,672,139	6,519,525
Less deferred tax liability on net retirement plan asset	824,235	1,031,691
Net deferred tax assets	₱11,847,904	₱5,487,834

The reconciliation of provision for income tax computed at statutory income tax rate with the provision for income tax shown in statements of comprehensive income is as follows:

	2025	2024
Provision for income tax at statutory income tax rate	₱76,315,258	₱50,390,964
Income tax effects of:		
Interest income already subjected to final tax	(81,286)	(57,840)
Nondeductible expenses	—	2,135,175
	₱76,233,972	₱52,468,299

17. Commitments and Agreements

a. Broker's Agreements

The principal insurance companies authorize the Company to act as an insurance broker on behalf of the former to solicit, transact and service (life, non-life as applicable) that the insurer is authorized to write and to collect and receive premiums from their clients.

In return, the Company is entitled to commission and service fees for the premiums sold with details as follows:

	2025	2024
Service fee	₱758,797,518	₱639,289,109
Commission income	348,583,543	207,051,361
	₱1,107,381,061	₱846,340,470

b. Service Contracts with Branch Network of Pawnshops

The Company has service contracts with entities with common stockholders for sales and marketing services of insurance products of the principal insurance companies through its branch network of pawnshops and remittance centers which remains valid unless earlier terminated by either party. Outstanding balance of collections yet to be remitted by the network partners included under "Trade and other receivables" account amounted to ₱148.5 million and ₱107.3 million as at December 31, 2025 and 2024, respectively (see Note 5).

The Company pays the related entities a service fee which is included as part of "Commission expense" line item under "Cost of services" account amounting to ₱560.5 million in 2025 and ₱463.1 million in 2024 (see Note 10).

c. IT Services Agreement

The Company has an IT services agreement with an entity with common stockholders for IT data management, service desk, office remote/branch support, IT skills management, IT portfolio management and IT solutions which is renewable annually.

IT services amounted to ₱3.9 million and ₱3.7 million in 2025 and 2024, respectively (see Note 10).

d. Services Agreement

In 2023, the Company entered into a management service agreement for the accounting, audit, security and legal services with another entity with common stockholders which is renewable annually.

Management fees amounted to ₱1.0 million and ₱0.9 million in 2025 and 2024, respectively (see Note 10).

e. Software Maintenance Agreements

On December 28, 2024, the Company entered into a 1- year contract with a related party for the maintenance of various software system. Software maintenance fee in 2025 amounted to ₱18.7 million (see Note 13), of which ₱5.8 million remained outstanding as at December 31, 2025 (see Note 10).

f. Lease Agreements

Lease Commitments - The Company as Lessor

The Company has existing rights to sublease its leased premises in accordance with its agreement with a related party. The commercial property subleases with a related party for a period ranging from one to two years with an option to renew upon mutual agreement of both parties. The Company did not renew the sublease agreement with a related party in 2025.

Rental income amounted to ₱37,250 and ₱9.3 million in 2025 and 2024, respectively (see Note 14).

Lease Commitments - The Company as Lessee: Short-term Leases

The Company entered into various lease agreements with third parties covering its mall booth which are renewable annually with an average escalation of 10%. Two new lease agreements for new branches were entered into during the year. Lease payments for these short-term lease agreements are recognized as expense on a straight-line basis over the lease term.

Rent expense recognized for short-term leases amounted to ₱19.9 million and ₱19.1 million in 2025 and 2024, respectively (see Note 13).

Prepaid rent on short-term lease agreements, included under “Other current assets” account, amounted to ₱2.9 million and ₱1.9 million as at December 31, 2025 and 2024, respectively (see Note 6). Refundable deposits arising from short-term lease agreements with related parties amounted to ₱0.6 million in 2025 and 2024.

Lease Commitments - The Company as Lessee: Long-term Leases

The Company entered into various lease agreements with a related party covering its warehouse spaces for specified periods renewable upon mutual agreement of both parties.

In 2024, the Company entered into new lease agreements with a third party covering its head office space and parking slots for a period of five (5) years resulting to additional ROU asset and lease liability.

Movements in ROU assets are as follows (see Note 7):

	2025	2024
Cost		
Balance at beginning of year	₱28,300,232	₱1,773,886
Additions	–	26,526,346
Balance at end of year	28,300,232	28,300,232
Accumulated Depreciation		
Balance at beginning of year	5,123,822	673,095
Depreciation	5,823,342	4,450,727
Balance at end of year	10,947,164	5,123,822
Carrying Amount	₱17,353,068	₱23,176,410

The balances and movements in lease liabilities are as follows:

	2025	2024
Balance at beginning of year	₱23,920,168	₱1,155,928
Lease payments	(5,707,664)	(4,771,936)
Accretion of interest	1,186,996	1,009,830
Additions	–	26,526,346
Balance at end of year	19,399,500	23,920,168
Current portion	5,108,564	4,945,305
Noncurrent portion	₱14,290,936	₱18,974,863

Amounts recognized in profit or loss are as follows:

	Note	2025	2024
Rent expense	13	₱19,888,792	₱19,136,025
Depreciation of ROU assets	7	5,823,342	4,450,727
Interest expense on lease liabilities		1,186,996	1,009,830
		₱26,899,130	₱24,596,582

Future minimum lease payments on lease liabilities follows:

	2025	2024
Within one year	₱6,118,280	₱6,248,897
After one year but not more than five years	14,626,299	20,744,580
	₱20,744,579	₱26,993,477

Refundable deposits on short-term and long-term lease agreements are as follows:

	Note	2025	2024
Short-term lease	6	₱8,698,200	₱7,979,159
Long-term lease		2,093,619	2,093,619
		₱10,791,819	₱10,072,778

18. Financial Risk Management Objectives and Policies and Capital Management

The Company's principal financial instruments comprise of cash in banks, trade and other receivables, current portion of refundable deposit (included under "Other current assets" account), noncurrent refundable deposit and trade and other payables (excluding statutory liabilities, provision for probable losses, deferred output VAT and unearned income) and lease liabilities which arise directly from its operations.

Financial Risk

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

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 BOD has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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 transacts only with recognized and creditworthy related and third parties with whom it has already firmly established good business relationships.

The Company maintains its cash and cash equivalents primarily with high-credit quality financial institutions. As at December 31, 2025 and 2024, approximately 89% and 88% of the Company's cash and cash equivalents are deposited with a single major listed commercial banks. Management believes that this financial institution is robust and presents minimal risk of default and the Company has not experienced any historical losses on such accounts.

The Company has concentrations of credit risk in relation to its trade receivables, with approximately 63% and 70% of the outstanding balance attributable to four major customers, as at December 31, 2025 and 2024, respectively. These major customers are mainly insurance companies that maintain high credit standings with robust liquidity positions and strong solvency ratios which is in excess of statutory requirement. Furthermore these counterparties operate within a highly regulated environment under the oversight of Insurance Commission, which mandates a stringent capital adequacy and risk management framework. The breakdown of concentration among these counterparties are as follows:

	2025	2024
Counterparty 1	21%	20%
Counterparty 2	19%	17%
Counterparty 3	13%	26%
Counterparty 4	10%	7%

The Company performs ongoing evaluations of these accounts and generally does not require collateral. Management routinely assesses the ECL associated with these accounts and considers the credit risk to adequately mitigated based on historical payment profiles and current financial standing of these key customers.

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	₱509,378,982	₱226,346,309
Trade and other receivables	350,895,574	298,149,555
Refundable deposits*	10,791,819	10,072,778
	₱871,066,375	₱534,568,642

**Included under "Other current assets" and Refundable deposits – net of current portion account*

The Company's financial assets at amortized cost are mostly composed of cash in various banks, 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.

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.

2025				
	12-month ECL	Lifetime ECL - not impaired	Lifetime ECL - credit impaired	Total
Financial assets at amortized cost:				
Cash in banks	₱509,378,982	₱—	₱—	₱509,378,982
Trade and other receivables	—	350,895,574	32,206,387	383,101,961
Refundable deposits*	10,791,819	—	—	10,791,819
	₱520,170,801	₱350,895,574	₱32,206,387	₱903,272,762
2024				
	12-month ECL	Lifetime ECL - not impaired	Lifetime ECL - credit impaired	Total
Financial assets at amortized cost:				
Cash in banks	₱226,346,309	₱—	₱—	₱226,346,309
Trade and other receivables	—	298,149,555	9,912,775	308,062,330
Refundable deposits*	10,072,778	—	—	10,072,778
	₱236,419,087	₱298,149,555	₱9,912,775	₱544,481,417

*Included under "Other current assets" account and Refundable deposits – net of current portion account

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 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 to reputable banks and companies with good credit standing. High grade financial assets include cash in banks and refundable deposit.

Standard Grade. It pertains to financial assets 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 financial assets. 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 persistent efforts 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			Total
	High Grade	Standard Grade	Substandard Grade	91-180 Days	More than 180 Days	Impaired	
Cash in banks	P509,378,982	P-	P-	P-	P-	P-	P509,378,982
Trade and other receivables	-	350,895,574	-	-	-	32,206,387	383,101,961
Refundable deposits*	10,791,819	-	-	-	-	-	10,791,819
	P520,170,801	P350,895,574	P-	P-	P-	P32,206,387	P903,272,762

	2024						
	Neither Past Due nor Impaired			Past Due but Not Impaired			Total
	High Grade	Standard Grade	Substandard Grade	91-180 Days	More than 180 Days	Impaired	
Cash in banks	P226,346,309	P-	P-	P-	P-	P-	P226,346,309
Trade and other receivables	-	298,149,555	-	-	-	9,912,775	308,062,330
Refundable deposits*	10,072,778	-	-	-	-	-	10,072,778
	P236,419,087	P298,149,555	P-	P-	P-	P9,912,775	P544,481,417

*Included under "Other current assets" account and Refundable deposits – net of current portion 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 manages its liquid funds through cash planning, using historical figures and experiences as well as reasonable forecasts for its collections and disbursements.

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

	2025					
	On Demand	Less than One Year	One to Two Years	Two to Four Years	More than Five Years	Total
Trade and other payables*	P315,418,336	P-	P-	P-	P-	P315,418,336
Lease liabilities**	-	6,118,280	13,014,801	1,611,498	-	20,744,579
	P315,418,336	P6,118,280	P13,014,801	P1,611,498	P-	P336,162,915

	2024					
	On Demand	Less than One Year	One to Two Years	Two to Four Years	More than Five Years	Total
Trade and other payables*	P184,562,232	P-	P-	P-	P-	P184,562,232
Lease liabilities**	-	6,248,897	12,473,679	8,270,901	-	26,993,477
	P184,562,232	P6,248,897	P12,473,679	P8,270,901	P-	P211,555,709

*Excluding payable to statutory liabilities amounting to P42.2 million and P35.9 million, deferred output VAT amounting to nil and P9.7 million and provisions for probable losses amounting to P8.2 million and P9.5 million for 2025 and 2024, respectively.

**Including future interest payments amounting to P1.3 million and P3.1 million for 2025 and 2024, respectively.

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 makes 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 (the CL) No. 2018-52 which discusses the minimum requirements for insurance brokers or reinsurance brokers as summarized below.

Minimum Net Worth Requirements. The Company is subject to externally imposed minimum net worth requirements as an existing insurance or reinsurance broker and an Health Maintenance Organization (HMO) broker amounting to ₱25.0 million.

The Company's estimated net worth amounted to ₱577.3 million and ₱348.3 million as at December 31, 2025 and 2024, respectively, is in compliance with the minimum net worth requirements of the IC.

Required Bond for Insurance Brokers. Pursuant to Republic Act 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.

As at December 31, 2025, the Company is in compliance with the required bond for insurance brokers.

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.

As at December 31, 2025, the Company is in compliance with the required errors and omissions policies.

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 (see Note 4)	₱102,353,478	₱52,705,119
Fiduciary Liabilities		
Payables to Insurance Companies	102,353,478	52,705,119
Fiduciary Ratio	1:1	1:1

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

19. 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 on hand	₱163,000	₱163,000	₱903,697	₱903,697
Cash in banks	509,378,982	509,378,982	226,346,309	226,346,309
Trade and other receivables	350,895,574	350,895,574	298,149,555	298,149,555
Refundable deposits	10,791,819	10,791,819	10,072,778	10,072,778
	₱871,229,375	₱871,229,375	₱535,472,339	₱535,472,339
Financial Liabilities				
Financial liabilities at amortized cost -				
Trade and other payables*	₱315,418,336	₱315,418,336	₱184,562,232	₱184,562,232
Lease liabilities	19,399,500	17,137,125	23,920,168	21,682,766
	₱334,817,836	₱332,555,461	₱208,482,400	₱206,244,998

*Excluding payable to government agencies amounting to ₱42.2 million and ₱35.9 million as at December 31, 2025 and 2024, respectively, deferred output VAT amounting to nil and ₱9.7 million as at December 31, 2025 and 2024, respectively, provision for probable loss amounting to ₱8.2 million and ₱9.5 million as at December 31, 2025 and 2024, and unearned income amounting to nil and ₱4.3 million included under “Others” as at December 31, 2025 and 2024, respectively.

Financial Assets and Liabilities at Amortized Cost. The carrying amounts of cash on hand, cash in banks, trade and other receivables and trade and other payables (excluding statutory liabilities, provision for probable losses and deferred output VAT) approximate its fair values due to their short-term maturities.

Refundable Deposits. The carrying amount of refundable deposits aggregating ₱10.8 million and ₱10.1 million as at December 31, 2025 and 2024, respectively, approximates its fair value because the management believes that the effects of not discounting the cash flows from these refundable deposits were not significant.

Lease Liabilities. Fair value is generally based upon quoted market prices. If the market prices are not readily available, fair value is estimated using adjusted quoted market prices of comparable investments or using the discounted cash flow methodology. The discount rates used in determining the fair value of lease liabilities is 6.13% as at December 31, 2025 and 2024. Lease liabilities is 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.



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
Cebuana Lhuillier Insurance Brokers, Inc.
6th Floor PNB Financial Center
President Diosdado Macapagal Blvd.
Barangay 76, 1300 Pasay City
Fourth District National Capital Region (NCR)

We have audited the accompanying financial statements of Cebuana Lhuillier Insurance Brokers, Inc. (the Company) as at and for the years ended December 31, 2025 and 2024, on which we have rendered our report dated June 17, 2026.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has four (4) stockholders owning 100 or more shares each as at December 31, 2025.

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 6, 2029

SEC Accreditation No. 128829-SEC Group A

Issued March 23, 2021

Valid for Financial Periods 2020 to 2025

IC Accreditation No. IC-EA-2025-0050-R

Issued January 22, 2026

Valid for Financial Periods 2025 to 2027

BIR Accreditation No. 08-005144-013-2025

Valid until October 20, 2028

PTR No. 10764016

Issued January 2, 2026, Makati City

June 17, 2026

Makati City, Metro Manila



**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
Cebuana Lhuillier Insurance Brokers, Inc.
6th Floor PNB Financial Center
President Diosdado Macapagal Blvd.
Barangay 76, 1300 Pasay City
Fourth District National Capital Region (NCR)

We have audited, in accordance with Philippine Standards on Auditing, the basic financial statements of Cebuana Lhuillier Insurance Brokers, Inc. (the Company), for the years ended December 31, 2025 and 2024 and have issued our report thereon dated June 17, 2026. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedule of Retained Earnings Available for Dividend Declaration as at December 31, 2025 is the responsibility of the Company's management. The supplementary schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 and is not part of the basic financial statements. The supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

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 6, 2029
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IC Accreditation No. IC-EA-2025-0050-R
Issued January 22, 2026
Valid for Financial Periods 2025 to 2027
BIR Accreditation No. 08-005144-013-2025
Valid until October 20, 2028
PTR No. 10764016
Issued January 2, 2026, Makati City

June 17, 2026
Makati City, Metro Manila

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**

CEBUANA LHUILLIER INSURANCE BROKERS, INC.

6th Floor PNB Financial Center, President Diosdado Macapagal Blvd.
Barangay 76, 1300 Pasay City, Fourth District National Capital Region (NCR)

	Amount
Unappropriated retained earnings, beginning of reporting period	P143,155,913
Add: <u>Category A:</u> Items that are directly credited to unappropriated retained earnings	
Reversal of retained earnings appropriation/s	P—
Effect of restatements or prior-period adjustments	—
Movement in deferred tax assets, excluding tax effects recognized in other comprehensive income	—
	—
Less: <u>Category B:</u> Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	(61,750,000)
Retained earnings appropriated during the reporting period	(240,000,000)
Effect of restatements or prior-period adjustments	—
Deferred tax assets, excluding tax effects recognized in other comprehensive income	—
	(301,750,000)
Unappropriated retained earnings, as adjusted	(158,594,087)
Add/less: Net income (loss) for the current year	229,027,060
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	—
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	—
Unrealized fair value gain of investment property	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the Philippine Financial Reporting Standards (PFRS) (describe nature)	—
	—
Sub-total	P—

	Amount	
Add: <u>Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)</u>		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P=	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	=	
Realized fair value of investment property	=	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	=	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	=	P=
Sub-total		=
Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</u>		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	=	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVPL	=	
Reversal of previously recorded fair value of investment property	=	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	=	=
Sub-total		=
Adjusted net income (loss)		229,027,060
Add: <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u>		
Depreciation on revaluation increment (after tax)	=	=
Sub-total		=
Add/less: <u>Category E: Adjustments related to relief granted by the SEC</u>		
Amortization of the effect of reporting relief	=	
Total amount of reporting relief granted during the year	=	
Others (describe nature)	=	=
Sub-total		P=

	Amount
Add/less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	₱—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(6,152,614)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set up of asset and asset retirement obligation, and set up of service concession asset and concession payable	—
Adjustment due to deviation from PFRS/GAAP - gain (loss)	—
Others (describe nature)	— (6,152,614)
Sub-total	(6,152,614)
Total retained earnings, end of the reporting period available for dividend	₱64,280,359



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

The Stockholders and the Board of Directors
Cebuana Lhuillier Insurance Brokers, Inc.
6th Floor PNB Financial Center
President Diosdado Macapagal Blvd.
Barangay 76, 1300 Pasay City
Fourth District National Capital Region (NCR)

We have audited, in accordance with the Philippine Standards on Auditing, the financial statements of Cebuana Lhuillier Insurance Brokers, Inc. (the Company), for the years ended December 31, 2025 and 2024, on which we have rendered our report dated June 17, 2026. Our audit was made for the purpose of forming an opinion on the financial statements of the Company taken as a whole. The minimum information presented in Note 18 is the responsibility of the Company's management, and is presented for purpose of complying with the Insurance Commission Circular Letter No. 2021-065 and 69 and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the Company's financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

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 6, 2029

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Issued March 23, 2021

Valid for Financial Periods 2020 to 2025

IC Accreditation No. IC-EA-2025-0050-R

Issued January 22, 2026

Valid for Financial Periods 2025 to 2027

BIR Accreditation No. 08-005144-013-2025

Valid until October 20, 2028

PTR No. 10764016

Issued January 2, 2026, Makati City

June 17, 2026

Makati City, Metro Manila

CEBUANA LHUILLIER INSURANCE BROKERS, INC.

**SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
UNDER THE REVISED SECURITIES REGULATION CODE RULE 68
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

Ratio	Formula	2025	2024
Current ratio/Acid test ratio	Current assets / Current liabilities	2.34	2.13
Current assets		₱872,325,932	₱539,777,603
Current liabilities		372,800,196	253,298,292
Solvency ratio	After-tax profit before depreciation / Total liabilities	0.64	0.58
After-tax profit before depreciation		246,779,454	158,059,237
Total liabilities		387,091,132	272,273,155
Debt-to-equity ratio	Total liabilities / Total equity	0.67	0.78
Total liabilities		387,091,132	272,273,155
Total equity		577,305,619	348,278,559
Asset-to-equity ratio	Total assets / Total equity	1.67	1.78
Total assets		964,396,751	620,551,714
Total equity		577,305,619	348,278,559
Interest rate coverage ratio	Before-tax and interest expense profit / Interest payments	258.17	200.60
Before-tax and interest expense profit		306,448,028	202,573,685
Interest payments		1,186,996	1,009,830
Return on assets ratio	After-tax profit / Average total assets	0.29	0.30
After-tax profit		229,027,060	149,095,556
Average total assets		792,474,232	499,539,448
Return on equity ratio	After-tax profit / Total equity	0.40	0.43
After-tax profit		229,027,060	149,095,556
Total equity		577,305,619	348,278,559
Net profit margin	After-tax profit / Total revenues	0.21	0.18
After-tax profit		229,027,060	149,095,556
Total revenues		1,107,381,061	846,340,470

CEBUANA LHUILLIER INSURANCE BROKERS, INC.
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
DECEMBER 31, 2025

	2025	2024
Total Audit Fees	₱500,000	₱425,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Non-audit Fees	₱—	₱—
Total Audit and Non-audit Fees	₱500,000	₱425,000