RAROCO INSURANCE BROKERS, INC.

ROOM 608, FERROS BEL AIR TOWER
30 POLARIS ST. BEL-AIR, MAKATI CITY 1209

# ANNUAL REPORT 2026

## Covered Year 2025

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# 2️⃣ Corporate Profile

## Brief company background

RAMON A. ROCO, FOUNDER

Ramon A. Roco had humble beginnings as an Insurance Agent in 1980 with a vision of helping the Filipino people secure their health and future. After graduating from Ateneo de Manila, Monchito landed the Top 10 passers from the Insurance Commission test and in 1982, he was an Awardee of the Ten Most Outstanding Philippine Salesmen. Monchito dedicated himself to learn the ins and outs of the industry and prepared for something much bigger. He then established a company that will allow him to cater to more clients, that said company is now RAROCO Insurance Brokers, Inc.

Come 1983, Monchito had a concrete desire to broaden the company's offerings by including non-life insurance products such as fire, motorcar, marine and the likes. The desire to reach more clients is off the charts that the company also created US Dollar-Denominated policies which include life, medical and travel insurance.

Given the technology the world is offering us,

RAROCO Insurance Broker, Inc. has been handling the needs of its clients electronically to keep the promise of convenience and promptness. The company is now targeting to have a platform which allows clients to purchase insurance products directly from its website.

Given our formidable synergy with our principal insurance partners, Monchito keeps himself and his team abreast with the new trends in the insurance industry to stay ahead of the fast-growing needs of the Filipino people. In many ways, he has created a niche in insurance marketing by carefully matching and positioning various products to the ever-changing needs of our clients. "Excellent service at a reasonable price," the trademark of RAROCO Insurance Brokers, Inc.

**Type of license** (Life / Non-Life / Composite / Reinsurance)

- Accident Insurance
- Bonds Insurance
- Comprehensive General Liability (CGL)
- Compulsory Third Party Liability (CTPL)
- Contractor's All Risks Insurance
- Cyber Insurance
- Electronic Equipment Insurance
- Fire Insurance
- Floater Insurance
- Golf Insurance
- Health Insurance (HMO)
- Life Insurance
- Marine Insurance
- Medical Insurance
- Memorial Plans
- Money Security Payroll Robbery Insurance (MSPR)
- Motor Insurance
- Pet Insurance
- Professional Liability Insurance
- Retirement Insurance
- Travel Insurance

**Vision**

RAROCO Insurance Brokers, Inc. envisions to be "THE" top of the mind insurance broker of choice for all life and non-life insurance needs of every individual, family, and company in the Philippines.

**Mision**

RAROCO Insurance Brokers, Inc. aims to provide swift service and easy access to all our clients' insurance needs both life and non-life. We accomplish this by employing the industry's best and finest in order to offer high-quality insurance products for each individual, family and corporation.

**CORE VALUES**

- **ACCOUNTABILITY & PROACTIVE MINDSET** – Combines Accountable and Proactive and Innovative Mindset. This value emphasizes taking responsibility for improving situations, solving problems, and anticipating challenges before they arise.
- **COMPETENCE & COMMITMENT TO EXCELLENCE** – Merges Competent and Commitment to Excellence. It highlights the importance of being skilled, knowledgeable, and striving to do your best in every task and aspect of work.
- **EXCEEDS EXPECTATIONS –** Focusing on going beyond the required expectations, taking initiative, and providing additional value through foresight and action.
- **CULTIVATES HARMONIOUS CULTURE** – Emphasizing interpersonal skills, fostering positive relationships with colleagues and clients, and creating a supportive work environment.
- **FAIR AND COMPASSIONATE LEADERSHIP** – Combines Firm and Fair, Yet Compassionate Management and Service with a Smile. This value reflects the importance of leadership that is both fair and compassionate, while maintaining respect and empathy in interactions with others.

**Principal Lines of Business**

- American International Group, Inc. (AIG)
- Alpha Insurance & Surety Company Inc.
- AMAPHIL (Advanced Medical Access Philippines Inc.)
- APRIL International
- Asia United Insurance, Inc.
- Asianlife and General Assurance Corporation
- AXA Philippines
- Charter Ping An
- Cocogen Insurance, Inc.
- Cocolife Health Care
- Eastwest Healthcare, Inc.
- ETIQA Life
- FPG Insurance Co., Inc
- First Life Insurance
- General Assurance Philippines, Inc.
- Great Pacific Life Assurance Corp.
- Insular Life Health Care, Inc
- Intellicare
- Malayan Insurance Co. Inc.
- MAAGAP Insurance, Inc.
- Manulife
- Mapfre Insular Insurance Corp.
- Medicard Phils. Inc.
- The Mercantile Insurance Co., Inc.
- Pacific Cross Insurance Inc.
- Paramount Life & General Insurance Corporation
- Philcare
- Philippine Life Financial Assurance Corporation (PhilLife)
- Philippines First Insurance Company, Inc.
- Philippine British Assurance Company, Inc.
- Philplans
- PIONEER Insurance (Non-life)
- Prudential Guarantee & Assurance Inc.
- Sun Life
- Standard Insurance Co. Inc.
- STARR International Insurance
- Valucare Health Systems, Inc.

# Message from Leadership

RAMON A. ROCO, FOUNDER

## Message of the Chairman

Dear Valued Clients, Partners, and Stakeholders,

I would like to take this opportunity to reflect on a year marked by resilience, adaptation, and steady progress.

The past year continued to challenge the global and local business environment, with evolving risks, economic shifts, and increasing demand for more responsive and innovative insurance solutions. Despite these conditions, RAROCO Insurance Brokers Inc. remained steadfast in its commitment to serve with integrity, professionalism, and client-first focus.

In 2025, we strengthened our partnerships, enhanced our service capabilities, and continued to provide tailored risk management solutions that address the unique needs of our clients. Our ability to adapt and respond proactively has been key to maintaining the trust and confidence you have placed in us.

We also made meaningful strides in improving operational efficiency and embracing digital tools to better serve you in an increasingly fast-paced environment. These efforts are part of our long-term vision to remain relevant, reliable, and responsive in a rapidly changing industry.

Looking ahead, we remain optimistic yet cautious. The evolving landscape presents both risks and opportunities, and we are committed to navigating these with prudence and foresight. Our focus remains clear—to protect what matters most to our clients while upholding the highest standards of service.

On behalf of the Board and Management, I extend my sincere gratitude for your continued trust and partnership. We look forward to serving you in the years ahead.

MARIE DENISE ROCO - DE LEON,
PRESIDENT

## President/CEO Report

Dear RAROCO Insurance Stakeholders and Shareholders,

Since the pandemic year 2020, each year has proven to bring challenges of its own. For 2025, we look back at major bumps that have affected the Philippine economy:

After concerted reforms in anti-money laundering and finance controls, the Philippines was removed from the Financial Action Task Force (FATF) Grey List. The FATF's decision follows an onsite visit last 20-22 of January 2025. The strengthening of compliance to AMLA regulations by the magnified supervision of designated non-financial businesses such as lawyers, accountants, real estate and our insurance industry has helped reduce risks associated with casino junkets. This achievement is supposed to be a significant boost to financial credibility and investor perceptions.

However, DPWH Flood Control Scandal broke not only local news but international news later on in August 2025, undoing the progress from the Philippines' exit from the FATF Grey List. The scandal involves an estimated PHP 1.089 trillion in climate-tagged funds potentially lost to corruption since 2023. Investigations revealed over 400 ghost, unfinished, or substandard flood control projects, with contractors, including the Discaya couple, who have allegedly amassed billions and billions worth of about 400 contracts colluding with government officials to siphon funds. This has impacted the whole nation especially the insurance industry. Insurance principals as well as intermediaries such as brokers have been extra in their due diligence prior to accepting contractors. Named insurers involved or mentioned in the scandal such as Stronghold and all its affiliated groups have been black-listed or not preferred.

Rumors have been spreading for months prior and on March 12, 2025, an official circular was released to all partners to formally announce that Paramount Life & General Holdings Corporation ("Paramount") has acquired Pacific Cross International Limited ("Pacific Cross"), subject to certain conditions, including regulatory approvals. The combination of Pacific Cross with Paramount should create a strong and diversified regional insurance group, with a leading position in health insurance. Paramount brings stability and strength to Pacific Cross, empowering its long-term growth as part of a Southeast Asian-owned and operated regional insurance group. The changes remain to be seen, for better or for worse. This news has caused anxiety for a few clients as they do not know what this will mean for them. Our company has reassured the clients not to fear as improvements are to be expected.

The Philippine peso hit a historic low against the US dollar in 2025, with the exchange rate closing at ₱59.22 to $1 on December 9, 2025, breaking the previous record of ₱59.13 set on October 28, 2025. This significant weakening was driven by market concerns, including potential corruption scandals and economic growth moderation, making it one of Southeast Asia's worst-performing currencies in late 2025. Inflation has slapped everyone in the face, from the rise of food prices, grocery and market goods, the increase of public transportation fare, toll and even parking prices have skyrocketed. This increase also spills over to the insurance industry, most especially in the medical and HMO insurance. Medical inflation is forecasted to rise further in 2026.

There was a huge loss also suffered by the non-life sector, specifically the fire /property insurance industry who have had to fulfill their duties and obligations to cover policies who have made gargantuan claims in the September 30, 2025 magnitude 6.9 Cebu earthquake. Some insurers have had to settle over 3 billion Php. Due to this, their retention for the remainder of the year up to first quarter of the year may or have been affected. This means lower retention on their end to accept higher participation in large bids and for a co-insurance panel.

Despite how rough the socio-economic seas have gotten, RAROCO Insurance Brokers, Inc. has managed to overcome the loss of it’s top-sales officer and sales supervisor, Gabriel “Gabe” Hidalgo, who was also already positioned as a key member for the company’s long-term goals in strategic succession planning. Leaving in May 2025, he was replaced by sales officer and now sales team lead, Andrea “Bea” Romero. The loss of Gabe has left a big burden to me, the management and sales force to offset the loss of production and income. We have had to come up with ways to cope.

We were fortunate to start January 2025 on a good note by engaging a new legal retainer (AVCD Law & Associates), who are CPA lawyers and who will also help address the growing demands and responsibilities of AMLA. Within the same month we had a successful Strat Planning. We finalized and updated the company core values by trimming down from 9 to 5 core values:

1. Accountability & Proactive mindset
2. Competence & Commitment to excellence
3. Exceed expectations
4. Cultivates harmonious culture
5. Fair and compassionate leadership

We had our second RAROCO Company Photoshoot in February 11, 2025

- Hired C+A Media Group
- Update profiles, and pictures of all employees, per department and key officers
- Amount paid for this photoshoot is 50,000

Luckily also, at the start of 2025, we engaged with a new digital marketing consultant, SpeakCite to address our needs and requirements in terms of social media consistency in posting, brainstorming, concept creation and execution of ad and content material and implementation of assigned dates and times of targeted themed posts. Their initial assessment included a total revamp of our website, creation of a company LinkedIn account, more FB posts and more releases of blog and article content on our website to draw in more foot traffic into our website. We also hit great targets in terms of improving our company's Google Review by encouraging happy clients to leave honest praiseworthy reviews burying a nasty comment left by a disgruntled client from years past. Due to this improvement, our website has been able to close many new accounts received from online queries. We have in fact closed large accounts such as PK Holdings due to this. I was able to oversee most of the initiatives by our digital marketing consultant but by Q4, most of these had the assistance of our Alvic Cervantes, new client relations officer. Having Alvic onboard is another triumph in itself.

With Alvic, he was able to book more corporate client courtesy visits. With more corporate client visits, we were able to deepen our rapport with both new and long-loyal clients. A number of them just realized upon our face-to-face meetings with them that we are a full servicing brokerage. We received new requests from other lines of insurance from these companies and have successfully closed them. Stronger connections are formed and this lessens, if not, eliminates completely the possibility of non-renewals as in the case of one company wherein a new head Admin Head was installed, and we were unable to personally bond with her. Their 2025 HMO renewal with us was unsuccessful.

Speaking of renewals, my term as a Board Trustee of the Association of Insurance Brokers of the Philippines was renewed for a second consecutive term. That keeps us on top of knowing the insider happenings in the Insurance Commission, PIRA (Philippine Insurers and Reinsurers Association), the insurance principals, as well as keeping abreast within the industry and tracking trends in the Asia Pacific region and internationally as well. As Head of the Events Committee, yours truly spearheaded the 2025 year-ender AIBP General Membership Meeting focusing on Insurance Industry Trends having expert resource speakers to tackle, discuss and give insights on pressing and relevant matters in the insurance industry. Held last November 14, 2025 at the Makati Diamond Residences. Our Keynote Speaker was

Frederico Rafael "Fritz" D. Ocampo - Senior Vice President & Chief Investment Officer of BDO Unibank Inc. who presented his "2026 Economic Forecast." While ""General Insurance Industry Updates & Trends" was discussed by MAAGAP Insurance Inc. Senior Vice President of Business Development and Branch Operations, Joel Libo-On. Anthony Bernabe, President & CEO of Etiqa talked about "Medical Insurance Industry Updates & Trends." Other developments include the near finalization of the Standard Brokers Agreement. We are finally seeing eye-to-eye with PIRA, especially on the heated issue of cancelled / lapsed policies bearing burden on taxes. Rather than pinned on the insurer or the broker, both parties (AIBP & PIRA) agree that it should be the policyholder responsible for this. We are foreseeing that by next year, this matter will be concluded, and that the IC will hopefully circulate the final agreed upon SBA as a template for all to follow.

On March 3, 2026, our Insurance Broker's License was released. It is valid from January 1, 2025 to December 31, 2027.

Another highlight of the year was that the company contracted the services of CPA Roel Baduria to handle Internal Auditor duties. He reviewed and evaluated and scrutinized the company's patterns of success and failures. One of the key findings (also observed and pointed out by former independent director, Russel Lorenzo) is the lack of middle management. For years, ERS and myself have had quite a challenge in installing supervisors. One thing we noted was that outsider supervisors are a failure. Luckily, with the guidance of Mr. Roel, we have re-launched the department leader training program (3 months training period) finding potential personnel who are suitable and capable to carry out the position effectively. The majority of these Team Leaders succeeded in becoming supervisors of their respective departments. With surmounting responsibilities being handled by ERS and myself, this was a blessing that arrived at the right time and was successful because the right people had also arrived at the right time. Some were there already but needed more years of molding to perfection. Yes, we now have middle management.

We are proud to introduce our new independent director, Atty. Katrina

Returning to the topic of our HMO Brokers License, we have sorted out all the fault-finding expeditions of SEC. As required, we have already increased paid up capital to over 25M. This will be reflected in the AFS of 2025. We are now awaiting approval for me to be Soliciting Officer for the HMO Brokers License as Mr. Ramon Roco is already SO for the Insurance Brokers License and cannot be designated as such again for the new license we are applying for. Getting closer to receiving our HMO Brokers License, we pray fervently within Q1.

Launched our new Employee Benefits Program. This is to entice our clients both individual and corporate to trust RAROCO as truly a one-stop shop handling all their related needs and not just insurance. The program includes HMO utilization mitigating measures via outsourcing APE/ ECU benefits and offers lasik and aesthetic treatments as well as functional medicine offerings for top management. This is in its awareness campaign stage still being introduced to our existing clientele.

We have strengthened our resources through new partnerships with:

Shinagawa Healthcare Solutions Corp. – top-notch Japanese standard brand specializing in the latest technology in lasik and aesthetics as well as APE, ECU and other outpatient needs

LifeScience Center – functional medicine clinic that aims to give Filipinos access to the best global practices in health and wellness providing food intolerance, allergy tests and other wellness machines

New World Diagnostics – ISO 9001: 2015 Certified diagnostics clinic with over 20 branches all over the Philippines also offering mobile APE services for large companies' convenience

Secuna Software Technologies, Inc.– DICT Certified as Recognized Cybersecurity Assessment Provider (RCAP) for Vulnerability Assessment and Penetration Testing services, Secuna is a Cybersecurity provider specializing in VAPT, Bug Bounty Program and Vulnerability Disclosure Program.

FURK App – pending pet insurance collaboration

Univanguard Insurance Agency – pending collaboration for Cyber Insurance

Alpha Insurance – new insurance principal partner

MAAGAP Insurance – new insurance principal partner

Cocogen Insurance – new insurance principal partner

Phil Life – new insurance principal partner

Another new routine implemented was having Management General Month End Meetings. We are able to address, discuss and thresh our issues that are sometimes misplaced or not expressed in emails. There has been forward movement on concerns with guidance and insights from one another and also so that all management members are aligned with the goings-on of the company.

We also ended the year with a bang by celebrating our company Christmas Party at a level-up venue – Makati Oxford Suites. Buffet food and beverages were provided by the venue. We are looking forward to celebrating 2026 there again, nearly a stone's throw away from the office. On top of that, we had a budget for a professional photographer with a videographer and an outside host. These are a huge help for admin who usually get exhausted and tired during the party instead of fully enjoying and participating in the festivities. Here's to splendid celebrations! And, bigger achievements for RAROCO Insurance Brokers, Inc. in 2026!

**Sincerely,**

**Denise Roco – De Leon**

## 4️⃣ Financial Highlights

| Line of Business | Premiums Remitted During the Year<br>1 | Commissions Received During the Year<br>1 |
|---|---|---|
| Aviation | 132,832.31 | 27,363.40 |
| Bonds | 490,285.49 | 122,331.00 |
| Car | 71,760.01 | 21,677.83 |
| CGL | 678,704.00 | 147,785.73 |
| CTPL | 92,601.08 | 14,329.72 |
| Cyber Liability | 10,164.40 | 2,541.10 |
| EEI | 391,336.80 | 92,997.10 |
| Error & Omission | 205,979.79 | 41,233.53 |
| Fire | 10,383,290.60 | 1,719,335.38 |
| Floater | 53,382.79 | 16,014.84 |
| General Public Liability | 15,532.50 | 341.03 |
| Golf | 180,022.16 | 22,335.43 |
| HMO | 134,899,237.08 | 18,501,593.17 |
| Life | 783,106.04 | 202,983.19 |
| Marine | 4,433.55 | 1,403.40 |
| Medical | 57,655,530.25 | 11,484,257.63 |
| Motor/CAR | 12,360,298.58 | 2,688,719.81 |
| MSPR | 1,409,000.00 | 352,250.00 |
| Personal Accident | 1,434,736.38 | 448,415.94 |
| Pet | 12,015.99 | 2,242.72 |
| Professional Indeminty | 825,000.00 | 151,843.13 |
| Professional Liability | 223,100.00 | 43,275.00 |
| Travel | 2,244,649.05 | 763,393.06 |
| **TOTAL** | **224,556,998.85** | **36,868,663.14** |

**RAROCO INSURANCE BROKERS, INC.**
**SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE REVISED SRC RULE 68**
**FINANCIAL SOUNDNESS INDICATORS**
For The Years Ended December 31, 2025 and 2024

***Current Ratio***

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Total current assets | ₱ | 42,932,886 | ₱ | 36,110,161 |
| Total current liabilities | | 11,287,337 | | 11,149,906 |
| Current ratio | | 3.804:1 | | 3.239:1 |

***Quick Ratio***

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Total liquid asset | ₱ | 9,280,965 | ₱ | 6,820,621 |
| Total current liabilities | | 11,287,337 | | 11,149,906 |
| Liquidity ratio | | 0.822:1 | | 0.612:1 |

***Working Capital to Total Asset***

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Working capital | ₱ | 31,645,549 | ₱ | 24,960,255 |
| Total liabilities | | 13,224,252 | | 12,637,140 |
| Working capital ratio | | 2.393:1 | | 1.975:1 |

***Solvency Ratio***

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Total assets | ₱ | 48,067,031 | ₱ | 39,721,972 |
| Total liabilities | | 13,224,252 | | 12,637,140 |
| Solvency ratio | | 3.635:1 | | 3.143:1 |

***Debt-to-equity Ratio***

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Total liabilities | ₱ | 13,224,252 | ₱ | 12,637,140 |
| Total equity | | 34,842,779 | | 27,084,832 |
| Debt-to-equity ratio | | 0.38:1 | | 0.467:1 |

***Asset-to-equity Ratio***

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Total assets | ₱ | **48,067,031** | ₱ | 39,721,972 |
| Total equity | | **34,842,779** | | 27,084,832 |
| Asset to equity ratio | | **1.38:1** | | 1.467:1 |

***Interest Rate Coverage Ratio***

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Pre-tax profit (loss) before interest | ₱ | **8,019,816** | ₱ | 5,471,740 |
| Interest expense | | **286,199** | | 158,669 |
| Interest rate ratio | | **28.022:1** | | 34.485:1 |

***Profitability Ratio***

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Net profit (loss) after tax | ₱ | **5,872,947** | ₱ | 3,816,917 |
| Total equity | | **34,842,779** | | 27,084,832 |
| | | **0.169:1** | | 0.141:1 |

*a.) Return on asset ratio*

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Net income (loss) after tax | ₱ | **5,872,947** | ₱ | 3,816,917 |
| Average assets | | **43,894,502** | | 36,272,527 |
| | | **0.134:1** | | 0.105:1 |

*b.) Return on equity ratio*

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Net profit (loss) after tax | ₱ | **5,872,947** | ₱ | 3,816,917 |
| Average equity | | **30,963,806** | | 22,676,374 |
| | | **0.19:1** | | 0.168:1 |

*c.) Gross Profit Margin Ratio*

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Net profit (loss) before tax | ₱ | **7,896,938** | ₱ | 5,489,935 |
| Gross profit | | **13,545,615** | | 11,103,033 |
| | | **0.583:1** | | 0.494:1 |

*d.) Profit margin*

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Net profit (loss) after tax | ₱ | **5,872,947** | ₱ | 3,816,917 |
| Revenue | | **37,507,125** | | 29,876,970 |
| | | **0.157:1** | | 0.128:1 |

# 5️⃣ Business Performance Review

For the year 2025, RAROCO's **best performance line lies in the field of HMO insurance** with total collections of **Php 134.899 million** worth of gross premiums.

This is **followed by the Medical** line of Insurance, which has reached a total of **Php 57.655 million** gross premiums. In **third place**, it would be **motor/car** insurance at **Php 12.360 million** gross premiums. Our **fourth** highest production is in fire insurance at a total of **Php 10.383 million** gross premiums. Coming in the **fifth** place for highest production is the travel insurance at **Php 2.244 million** gross premiums.

| Line of Business | Premiums Remitted During the Year<br>1 | Commissions Received During the Year<br>1 |
|---|---|---|
| Aviation | 132,832.31 | 27,363.40 |
| Bonds | 490,285.49 | 122,331.00 |
| Car | 71,760.01 | 21,677.83 |
| CGL | 678,704.00 | 147,785.73 |
| CTPL | 92,601.08 | 14,329.72 |
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| Golf | 180,022.16 | 22,335.43 |
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| Medical | 57,655,530.25 | 11,484,257.63 |
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| Personal Accident | 1,434,736.38 | 448,415.94 |
| Pet | 12,015.99 | 2,242.72 |
| Professional Indeminty | 825,000.00 | 151,843.13 |
| Professional Liability | 223,100.00 | 43,275.00 |
| Travel | 2,244,649.05 | 763,393.06 |
| **TOTAL** | **224,556,998.85** | **36,868,663.14** |

# 6️⃣ Operations Report

**CLAIMS ENGAGEMENT IMPROVEMENTS**

To insure client satisfaction and operational efficiency, the Company implemented:

- Streamlined claims documentation procedures
- Faster coordination with insurance partners
- Dedicated claims officers for major accounts
- Improved turnaround time monitoring

These initiatives resulted in more efficient claims resolutions and improved client experience.

**IT SYSTEM UPGRADE**

RAROCO InsuranceBrokers Inc. strengthened its digital infrastructure through:

- Upgrade internal network infrastructure and connectivity
- Enhanced device & data security and backup protocols
- Improved email and communication systems

The upgrades support operational efficiency, data integrity, and cybersecurity compliance

**RISK MANAGEMENT INITIATIVES**

The Company reinforced its risk governance framework by:

- Conducting regular internal process reviews
- Strengthening compliance monitoring mechanism
- Implementing data protection measures
- Reviewing operational risk exposure

These efforts align with corporate governance standards and ensure sustainable and responsible operations

# 7️⃣ Corporate Governance

### Board of Directors

- RAMON A. ROCO - Chairman
- MARIE DENISE ROCO-DE LEON - President
- RAMON M. HIDALGO - Vice President
- ANGELINA H. ROCO - Treasurer
- ERNA ROVERA – SANTIAGO - Corporate Secretary
- REGINA ROSARIO P. GARRUCHO - Independent Director
- ATTY. KATRINA BIANCA T. TAMAYAO - Independent Director

- LORENZO ANGELO H. ROCO - Non-Executive Director
- MIKAELA ANDREA H. SISON - Non-Executive Director

## Key Officers

- RAMON A. ROCO - Chairman
- MARIE DENISE ROCO-DE LEON - President
- RAMON M. HIDALGO - Vice President
- ERNA ROVERA – SANTIAGO - Corporate Secretary

## Committees (Audit, Risk, etc.)

A. Audit Committee

- Chairman: Erna R. Santiago
- Members:
  - Atty. Katrina Bianca T. Tamayao
  - Regina Rosario P. Garrucho

B. Corporate Governance Committee

- Chairman: Atty. Katrina Bianca T. Tamayao
- Members:
  - Regina Rosario P. Garrucho
  - Mikaela Andrea H. Sison

C. Related Party Transaction (RPT) Committee

- Chairman: Regina Rosario P. Garrucho
- Members:
    - Atty. Katrina Bianca T. Tamayao
    - Lorenzo Angelo H. Roco

D. Board Risk Oversight Committee (BROC)

- Chairman: Marie Denise R. De Leon
- Members:
    - Lorenzo Angelo H. Roco
    - Mikaela Andrea H. Sison

## 8️⃣ Compliance & Regulatory Matters

Mayors Permit

REPUBLIC OF THE PHILIPPINES

# CITY OF MAKATI

BUSINESS PERMITS OFFICE

PERMIT NO. 06044

06044

## PAHINTULOT SA PANGANGALAKAL
(BUSINESS PERMIT)

**MATALASTAS NG LAHAT:**
(KNOW ALL MEN BY THESE PRESENTS)

**NA SI / ANG:**
(THAT)

**RAROCO INSURANCE BROKERS INC.**

na matatagpuan at may pahatirang sulat sa
(with postal address at)

**R-609 FERROS BEL-AIR TOWER 30 POLARIS ST., POBLACION**

na itinatag nang may buong karapatan at umiiral sa ilalim ng mga batas ng
(duly recognized and existing under the laws of the)
Republika ng Pilipinas, ay pinagkalooban ng pahintulot na mangalakal bilang
(Republic of the Philippines, is hereby granted the permit to operate as)

**SEO**

ngayong ika- 19 ng January 2026
(on this) (day of)

Ang pahintulot na ito ay matatapos sa ika- 31 of December 2026
(This permit expires on)

Malibang ito ay maagang bawiin at pawalang bisa.
(unless sooner revoked)

ATTY. DOMINIC B. GARCIA
HEAD, BUSINESS PERMITS AND LICENSING OFFICE

HON. MARIA LOURDES NANCY S. BINAY
PUNONG PANGLUNSOD
(CITY MAYOR)

TAX YEAR : 2026 QUARTER : 1
O.R. NO. : 5167262AG O.R. DATE : 01/19/2026
O.R. AMOUNT : 79,725.55

| | |
|---|---|
| MAYOR'S PERMIT FEE | 4,000.00 |
| BUSINESS TAX | 51,680.55 |
| SANITARY PERMIT FEE | 300.00 |
| GARBAGE FEE | 1,000.00 |
| SIGNBOARD FEE | 200.00 |
| ENGINEERING FEE | 0.00 |
| INDIVIDUAL MP FEE | 1,450.00 |
| INDIVIDUAL HC FEE | 2,320.00 |
| MEAT INSPECTION FEE | 0.00 |
| FSI FEE | 1,275.00 |
| BARANGAY CLEARANCE FEE | 7,000.00 |
| COMMUNITY TAX | 10,500.00 |
| OTHER FEES / PENALTY / INTEREST | 0.00 |
| TOTAL | 79,725.55 |

**IMPORTANT**

Failure to renew this Business Permit within the prescribed period shall subject the taxpayer to a twenty-five percent (25%) surcharge and two percent (2%) penalty per month. Upon closure of business, surrender this permit to City Treasurer's Office on or before the twentieth (20th) day of the month following the quarter to avoid penalty.

200400526

**ITO AY DAPAT IPASKIL SA HAYAG NA POOK NG KALAKALAN AT DAPAT IPAKITA SA SANDALING HINGIN NG MGA KINAUUKULANG MAYKAPANGYARIHAN.**

*THIS MUST BE POSTED IN A CONSPICUOUS PLACE AND BE PRESENTED UPON DEMAND BY PROPER AUTHORITIES.*

Insurance Brokers License

***License No.*** *IB-42-2025-R*

*Republic of the Philippines*
*Department of Finance*
INSURANCE COMMISSION

**INSURANCE BROKER'S LICENSE**
(Under Chapter IV, Titles 1 & 8 of the Insurance Code)

*The undersigned Insurance Commissioner hereby authorizes **RAROCO INSURANCE BROKERS, INC.**, with office address located at **Rm. 608 Ferros Bel-Air Tower, 30 Polaris Street, Bel-Air, Makati City**, to act as **Insurance Broker** by and through the following Soliciting Official/s:*

***RAMON A. ROCO*** ***(Life & Non-Life)***

*This license shall remain valid until **31 December 2027**, unless sooner revoked or suspended for cause.*

*In Witness Whereof, I have hereunto subscribed my name and caused my official seal to be affixed at the City of Manila, Philippines. This becomes effective on **01 January 2025**.*

***REYNALDO A. REGALADO***
*Insurance Commissioner*

Amount: Php 90,900.00
OR No.: 1073215
Date: 08 November 2024

## Anti-Money Laundering Council

Republic of the Philippines
ANTI-MONEY LAUNDERING COUNCIL

**CERTIFICATE OF REGISTRATION**

This is to certify that RAROCO INSURANCE BROKERS, INC. has duly complied with the registration process of the Anti-Money Laundering Council (AMLC) for the purpose of submitting Covered and Suspicious Transaction Reports pursuant to the Anti-Money Laundering Act (Republic Act 9160), as amended, and its Revised Implementing Rules and Regulations.

This certification is issued this 25th day of April 2022 in the City of Manila.

**MEL GEORGIE B. RACELA**
Executive Director

Control No. : IC-20200622710170-4

## DPA Compliance:
## NATIONAL PRIVACY COMMISSION (NPC) CERTIFICATE OF REGISTRATION

Republic of the Philippines
NATIONAL PRIVACY COMMISSION

**CERTIFICATE**
OF REGISTRATION

This is to certify that

**RAROCO INSURANCE BROKERS, INC.**

with business address at **ROOM 608 FERROS BEL AIR TOWER 30 POLARIS ST. MAKATI CITY, MAKATI CITY, METRO MANILA**

has duly complied with the registration requirements of the Data Privacy Act of 2012, its Implementing Rules and Regulations, and all related issuances. This certificate was issued under the seal of the Commission and serves only as proof of registration and not a verification of the contents of any document submitted in relation thereto.

The information on this certificate has been made part of the records of the Commission.

Effective until **25 April 2026**

**ATTY. JOHN HENRY DU NAGA**
Privacy Commissioner and Chairman

NPC Registration No.
PIC-002-599-2025

# NPC DATA PROTECTION OFFICER REGISTRATION

NPC Form 01-2022

Republic of the Philippines
NATIONAL PRIVACY COMMISSION

## DATA PROTECTION OFFICER REGISTRATION

***Note:*** *The personal information submitted herein shall be used for your registration with the National Privacy Commission. Supporting documents should be attached with this form, which shall be validated by the Commission. You may find the list of supporting documents in our guidelines posted on our website.*

*All the information submitted herein shall be used for the purpose stated above and other legitimate interests of NPC as mandated by law. Information that are matters of public interest may be disclosed to the public. Rest assured that security controls are implemented to protect all the information in this document.*

### PERSONAL INFORMATION CONTROLLER/PERSONAL INFORMATION PROCESSOR

NAME OF THE ORGANIZATION RAROCO INSURANCE BROKERS, INC.

| | |
|---|---|
| WEBSITE (URL)<br>https://www.rarocoinsurance.ph | EMAIL ADDRESS<br>dpo@rarocoinsurance.ph |
| COMPANY ADDRESS<br>ROOM 608 FERROS BEL AIR TOWER 30 POLARIS ST. MAKATI CITY, MAKATI CITY, METRO MANILA | CONTACT NO. 09173226991 |
| SECTOR<br>INSURANCE, REINSURANCE AND PENSION FUNDING | SUB-SECTOR<br>Life Insurance,Non-life Insurance,Reinsurance |

### HEAD OF THE ORGANIZATION

| | |
|---|---|
| LAST NAME DE LEON | EMAIL ADDRESS<br>denise@rarocoinsurance.ph |
| FIRST NAME MARIE DENISE | CONTACT NO. 09178196405 |
| MIDDLE INITIAL R | |
| OFFICIAL DESIGNATION PRESIDENT | |

### DATA PROTECTION OFFICER

| | |
|---|---|
| LAST NAME SANTIAGO | EMAIL ADDRESS<br>dpo@rarocoinsurance.ph |
| FIRST NAME ERNA | CONTACT NO. |
| MIDDLE INITIAL R | MOBILE NO. 09173226991 |
| OFFICIAL DESIGNATION<br>DATA PROTECTION OFFICER | DATE OF DESIGNATION AS DPO.<br>2019-03-13 |

### SWORN STATEMENT

I declare under oath that this Registration Form is accomplished by Data Protection Officer, and is a true, correct and complete statement and pursuant to the provision of the pertinent laws, rules and regulations of the Republic of the Philippines. I also authorize the National Privacy Commission to verify/validate the contents stated herein.

| | |
|---|---|
| MARIE DENISE R DE LEON<br>Head of Organization<br>(Signature over Printed Name) | ERNA R SANTIAGO<br>Data Protection Officer<br>(Signature over Printed Name) |

SUBSCRIBE and SWORN to before me, this APR 02 2025, who exhibited to me (his/her) Government issued ID No. ______ issued at ______ on ______

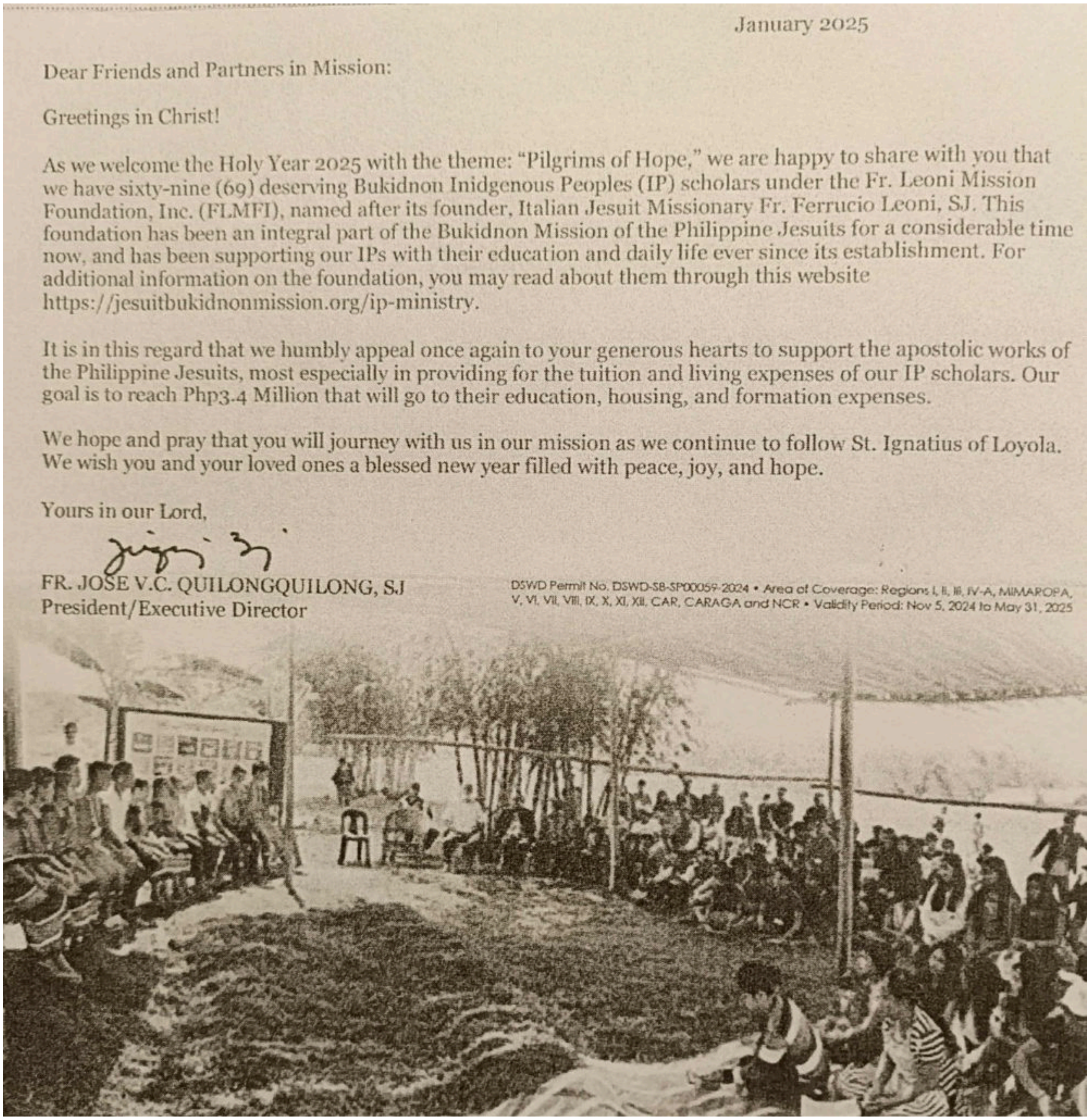
Doc. no.: 7
Page no.: 3
Book no.: 05
Series of 2025

ATTY. ROMEO M. MONFORT
Notary Public City of Makati
Until December 31, 2025
Appointment No. M-032 (2024-2025)
PTR No. 10466008 Jan. 2, 2025/Makati City
IBP No. 306870 Dec. 27, 2024
MCLE NO.VII-0027570 Roll No. 27932
101 Urban Ave. Campos Rueda Bldg
Brgy.Pio Del Pilar, Makati City

Notary Public

# 9️⃣ Corporate Social Responsibility (CSR)

**PILGRIMS OF HOPE**



January 2025

Dear Friends and Partners in Mission:

Greetings in Christ!

As we welcome the Holy Year 2025 with the theme: "Pilgrims of Hope," we are happy to share with you that we have sixty-nine (69) deserving Bukidnon Inidgenous Peoples (IP) scholars under the Fr. Leoni Mission Foundation, Inc. (FLMFI), named after its founder, Italian Jesuit Missionary Fr. Ferrucio Leoni, SJ. This foundation has been an integral part of the Bukidnon Mission of the Philippine Jesuits for a considerable time now, and has been supporting our IPs with their education and daily life ever since its establishment. For additional information on the foundation, you may read about them through this website https://jesuitbukidnonmission.org/ip-ministry.

It is in this regard that we humbly appeal once again to your generous hearts to support the apostolic works of the Philippine Jesuits, most especially in providing for the tuition and living expenses of our IP scholars. Our goal is to reach Php3.4 Million that will go to their education, housing, and formation expenses.

We hope and pray that you will journey with us in our mission as we continue to follow St. Ignatius of Loyola. We wish you and your loved ones a blessed new year filled with peace, joy, and hope.

Yours in our Lord,

FR. JOSE V.C. QUILONGQUILONG, SJ
President/Executive Director

DSWD Permit No. DSWD-SB-SP00059-2024 • Area of Coverage: Regions I, II, III, IV-A, MIMAROPA, V, VI, VII, VIII, IX, X, XI, XII, CAR, CARAGA and NCR • Validity Period: Nov 5, 2024 to May 31, 2025

As part of its Community Social Responsibility 2025, RAROCO Insurance Brokers, Inc. extended a cash donation to the apostolic works of the Philippine Jesuit Aid Association, Inc.

The donation will directly support sixty-nine (69) deserving Bukidnon Indigenous scholars, helping provide for their education, housing, and formation expenses.

Through this initiative, RAROCO Insurance Brokers, Inc. reaffirms its commitment to empowering communities and nurturing the future of the youth through education and social development.

**WORLD TEACHERS’ MONTH**


In celebration of World Teachers’ Month 2025, RAROCO Insurance Brokers Inc. proudly extended its support to Victoria Homes Elementary School through its CSR program.

- Distributed hygiene kits to 271 Grade One learners to promote health and wellness among young students.


- Sponsored free massage services for the hardworking teachers as a gesture of gratitude and appreciation for their dedication.

RAROCO remains committed to uplifting both learners and educators through meaningful and impactful community initiatives.

**Golf For A Cause**


RAROCO Insurance Brokers, Inc. proudly extends its support to the community through a Php 25,000.00 donation for the fundraising initiative “Golf for a Cause,” in partnership with the Blue Eagle H69C73ME74 Alumni Foundation.

The proceeds from this meaningful event directly benefited three impactful programs:

Zonta Club (Mandaluyong) Scholarship Program – empowering students by supporting their educational journey.

Lazarus Kitchen Feeding Program – providing nourishment and hope to underprivileged families.

Mayor Simplicio National High School Smart TV Classroom Project – enhancing the learning experience of students through modern technology.

This contribution reflects RAROCO’s strong commitment to Corporate Social Responsibility (CSR), highlighting the company’s dedication to education, community development, and social welfare. By taking part in initiatives such as this, RAROCO continues to live out its mission of building a brighter future for communities it serves.

# 🔟 Human Resources

**TOTAL NUMBER OF EMPLOYEES**

As of the latest reporting period, **RAROCO Insurance Brokers, Inc.** maintains a workforce composed of regular and probationary employees assigned across the following departments:

- Management - 2
- Admin / IT Department - 8
- Sales and Marketing Department - 16
- Accounting Department - 4

The company has a total of 30 employees as of December 31, 2025

**TRAINING PROGRAMS**

The company continues to invest in employee development through:

- General Orientation of Employee Handbook - January 18, 2025
- Developing the Mindset of a Customer Service Leader - April 15, 2025
- AMLA & CTF Rules and Regulations Seminar - June 5, 2025
- Fire Safety and Emergency Evacuation Drills - July 8, 2025
- Data Privacy Act Seminar - November 12, 2025
- Safe Space Act a.k.a. Anti Bastos Law Seminar - December 2, 2025

Employees are encouraged to attend in-house seminars to ensure updated knowledge aligned with industry standards and regulatory requirements.

**EMPLOYEES ENGAGEMENT INITIATIVES**

RAROCO Insurance Brokers, Inc. promotes a positive and productive work environment through:

- **Annual Corporate Social Responsibility (CSR)**

  **I. CSR Initiative: Pilgrims of Hope**

  As part of its 2025 Corporate Social Responsibility (CSR) program, RAROCO Insurance Brokers, Inc. extended financial assistance to the apostolic works of the Philippine Jesuit Aid Association, Inc..

  The donation aims to support sixty-nine (69) deserving Indigenous scholars from Bukidnon. The assistance will contribute to their educational needs, including tuition, housing, and formation expenses. This initiative reflects the company's continued commitment to fostering inclusive education and supporting underserved communities.

Through this effort, RAROCO reinforces its role as a socially responsible organization dedicated to empowering the youth and promoting long-term community development.

**II. CSR Initiative: World Teachers' Month**

In celebration of World Teachers' Month 2025, RAROCO Insurance Brokers, Inc. conducted a community outreach program in partnership with Victoria Homes Elementary School.

The initiative included the following activities:

* **Distribution of Hygiene Kits**

A total of 271 Grade One learners received hygiene kits to promote proper health practices, cleanliness, and overall well-being among young students.

* **Teacher Wellness Program**

Free massage services were provided to teachers as a gesture of appreciation for their dedication, hard work, and invaluable contribution to education.

This initiative highlights RAROCO's recognition of both learners and educators as essential pillars of nation-building.

**AWARDS AND RECOGNITION**

The Company recognizes outstanding performance and contributions through:

- Best Employee of the Month for the year 2025
    - January (Alexander Kyle M. Ebol and Marvelyn B. Nagaño)
    - February (Ruel P. Rovera and Diuvannie T. Mabingnay)
    - March (Carlos B. Limbawan and Dennis H. Cerina)
    - April (Gabriel Antonio P. Hidalgo and Armilyn A. Hachero)
    - May (Marvin G. Tabug)
    - June (Marvin G. Tabug and Ma. Patricia Quina G. Lobendino)
    - July (Rocky S. Luis and Diuvannie T. Mabingnay)
    - August (Carlos B. Limbawan)
    - September (Angeloue Y. Galgao and Rogelio D. Madlangbayan)
    - October (Ana Liza A. Gonzales)
    - November (Amando II Z. Bobiles)
    - December (Alvic V. Cervantes)
- Employee of the Year
    - Admin Department (Rocky S. Luis)
    - Sales Department (Alexander Kyle M. Ebol)
    - Finance Department (Marvelyn B. Nagaño)
- Service Awards for Loyalty and Tenure
    - Carlos B. Limbawan (10 years)
    - Faustino S. Manahan Jr. (10 years)

Such recognition programs reinforced the Company’s culture of excellence and accountability.

# 1️⃣1️⃣ Audited Financial Statements (AFS)

PEREZ, SESE, VILLA & CO.
CERTIFIED PUBLIC ACCOUNTANTS

admin@psv-co.com
(02) 8 994-3984
9th Flr. Unit C MARC 2000 Tower
1973 Taft Ave. cor. San Andres St.
Malate, Manila 1004

## INDEPENDENT AUDITOR'S REPORT

**The Board of Directors and Shareholders**
**RAROCO INSURANCE BROKERS, INC.**
608 Ferros Bel-Air Tower
No. 30 Polaris Street, Makati City

### Report on the Audit of the Financial Statements

***Opinion***

We have audited the financial statements of **RAROCO 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 then ended, and notes to the financial statements, including material accounting policy information.

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

***Basis for Opinion***

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 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 cease operations, or has no realistic alternative but to do so.

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 required by the Bureau of Internal Revenue as disclosed in Note 27 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**PEREZ, SESE, VILLA & CO.**

BY: **MA. ALMA C. SESE**
MANAGING PARTNER

CPA License No. 0054588
Tax Identification No. 212-955-173-000
PTR No. 0368867, Issued on January 08, 2026, Manila
SEC Accreditation No.
Partner - 0054588-SEC Group B, Issued on December 01, 2022.
valid for five (5) years covering the audit from 2022 to 2026 Financial Statements
Firm - 0222-SEC Group B, Issued on December 01, 2022
valid for five (5) years covering the audit from 2022 to 2026 Financial Statements
IC Accreditation No.
Partner - IC-EA-2025-0041-R Group B, Issued on January 19, 2026
valid for three (3) years covering the audit from 2025 to 2027 Financial Statements
BOA/PRC Accreditation No. 0222, Issued on September 13, 2023
valid until October 12, 2026
BIR Accreditation No. 06-002735-001-2024, Issued on April 12, 2024
valid for three (3) years until April 11, 2027

Manila, Philippines
May 7, 2026

- Statement of Financial Position

**RAROCO INSURANCE BROKERS, INC.**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2025 and 2024

| | Notes | | 2025 | | 2024 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current Assets** | | | | | |
| Cash | 4,6 | ₱ | 7,047,597 | ₱ | 4,817,810 |
| Commission and other receivables | 4,7 | | 2,233,368 | | 2,002,811 |
| Prepayments and other current assets | 4,8 | | 2,698,225 | | 1,736,790 |
| Prepaid income tax | 4,5,22 | | 30,953,696 | | 27,552,750 |
| **Total Current Assets** | | | 42,932,886 | | 36,110,161 |
| **Non-current Assets** | | | | | |
| Property and equipment, net | 4,5,9 | | 3,477,053 | | 2,676,356 |
| Computer software, net | 4,5,10 | | 1,657,092 | | 935,455 |
| **Total Non-Current Assets** | | | 5,134,145 | | 3,611,811 |
| **TOTAL ASSETS** | | ₱ | 48,067,031 | ₱ | 39,721,972 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current Liabilities** | | | | | |
| Trade and other payables | 4,11 | ₱ | 8,190,626 | ₱ | 7,571,299 |
| Loans payable - current | 4,13 | | 2,131,610 | | 3,112,785 |
| Other current liabilities | 4,12 | | 965,101 | | 465,822 |
| **Total Current Liabilities** | | | 11,287,337 | | 11,149,906 |
| **Non-current Liabilities** | | | | | |
| Loans payable - non-current | 4,13 | | 1,936,915 | | 1,487,234 |
| **Total Liabilities** | | | 13,224,252 | | 12,637,140 |
| **Equity** | | | | | |
| Share capital | 4,14 | | 17,010,000 | | 10,050,000 |
| Retained earnings | 4,14 | | 17,832,779 | | 17,034,832 |
| **Total Equity** | | | 34,842,779 | | 27,084,832 |
| **TOTAL LIABILITIES AND EQUITY** | | ₱ | 48,067,031 | ₱ | 39,721,972 |

*(See accompanying Notes to Financial Statements)*

- Statement of Comprehensive Income

## RAROCO INSURANCE BROKERS, INC.

### STATEMENTS OF COMPREHENSIVE INCOME

For The Years Ended December 31, 2025 and 2024

| | Notes | | 2025 | | 2024 |
|---|---|---|---|---|---|
| REVENUES | 4,15 | ₱ | 37,507,125 | ₱ | 29,876,970 |
| DIRECT COSTS | 4,17 | | (23,961,510) | | (18,773,937) |
| GROSS INCOME | | | 13,545,615 | | 11,103,033 |
| OPERATING EXPENSES | 4,18 | | (5,525,799) | | (5,631,293) |
| NET OPERATING INCOME | | | 8,019,816 | | 5,471,740 |
| OTHER INCOME | 4,16 | | 35,934 | | 103,746 |
| INTEREST INCOME | 4,6 | | 127,387 | | 73,118 |
| FINANCE COST | 4,13 | | (286,199) | | (158,669) |
| NET INCOME BEFORE TAX | | | 7,896,938 | | 5,489,935 |
| INCOME TAX EXPENSE | 4,22 | | | | |
| Current | | | (2,023,991) | | (1,673,018) |
| Deferred | | | - | | - |
| | | | (2,023,991) | | (1,673,018) |
| NET INCOME FOR THE YEAR | | | 5,872,947 | | 3,816,917 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | - | | - |
| TOTAL COMPREHENSIVE INCOME | | ₱ | 5,872,947 | ₱ | 3,816,917 |

*(See accompanying Notes to Financial Statements)*

- Statement of Changes in Equity

RAROCO INSURANCE BROKERS, INC.

STATEMENTS OF CHANGES IN EQUITY

For The Years Ended December 31, 2025 and 2024

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **SHARE CAPITAL** | 4,14 | | |
| Balance at beginning of the year | | ₱ 10,050,000 | ₱ 5,050,000 |
| Issuance | | 1,885,000 | 5,000,000 |
| Stock Dividend Distributable | | 5,075,000 | - |
| Balance at end of the year | | 17,010,000 | 10,050,000 |
| **RETAINED EARNINGS** | 4,14 | | |
| Balance at beginning of the year | | 17,034,832 | 13,217,915 |
| Dividends declaration | | (5,075,000) | - |
| Net income for the year | | 5,872,947 | 3,816,917 |
| Balance at end of the year | | 17,832,779 | 17,034,832 |
| **TOTAL EQUITY** | | ₱ 34,842,779 | ₱ 27,084,832 |

*(See accompanying Notes to Financial Statements)*

- Statement of Cash Flows

## RAROCO INSURANCE BROKERS, INC.

### STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2025 and 2024

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Net income before income tax** | | ₱ 7,896,938 | ₱ 5,489,935 |
| Adjustment to reconcile net income to net cash used in operating activities: | | | |
| Depreciation and amortization | 4,5,9 | 1,165,858 | 696,652 |
| Interest expense | 4,13 | 286,199 | 158,669 |
| Interest income | 4,6 | (127,387) | (73,118) |
| **Operating income before changes in working capital** | | 9,221,608 | 6,272,138 |
| Changes in operating assets and liabilities: | | | |
| Increase in: | | | |
| Commission and other receivables | 4,7 | (230,557) | (450,211) |
| Prepayments and other current assets | 4,8 | (4,362,383) | (2,010,036) |
| Increase (Decrease) in: | | | |
| Trade and other payables | 4,11 | 619,327 | (2,009,824) |
| Other current liabilities | 4,12 | 499,279 | (264,008) |
| **Cash provided by operation** | | 5,747,274 | 1,538,059 |
| Income tax paid | 4,22 | (2,023,990) | (1,673,018) |
| Interest received | 4,6 | 127,387 | 73,118 |
| Interest paid | 4,13 | (286,199) | (158,669) |
| **Net cash provided by (used in) operating activities** | | 3,564,472 | (220,510) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of property and equipment | 4,5,9 | (1,619,099) | (1,464,494) |
| Acquisition of computer software | 4,5,9 | (1,069,092) | (1,069,092) |
| **Net cash used in investing activities** | | (2,688,191) | (2,533,586) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Additional issuance of share capital | 4,14 | 1,885,000 | 5,000,000 |
| Dividends paid | 4,14 | - | - |
| Proceeds from additional loan | 4,13 | 1,178,635 | 952,360 |
| Payments of loan | 4,13 | (1,710,129) | (596,554) |
| **Net cash provided by financing activities activities** | | 1,353,506 | 5,355,806 |
| **NET INCREASE IN CASH** | | 2,229,787 | 2,601,710 |
| **CASH AT BEGINNING OF YEAR** | | 4,817,810 | 2,216,100 |
| **CASH AT END OF YEAR** | | ₱ 7,047,597 | ₱ 4,817,810 |

*(See accompanying Notes to Financial Statements)*

- Notes to Financial Statements

## NOTE 1 - GENERAL INFORMATION

**RAROCO INSURANCE BROKERS, INC.** (the Company) is a corporation registered with the Philippine Securities and Exchange Commission under registration number CS200341908 dated December 1, 2003. The Company is established primarily to engage in business as insurance broker.

The Company's registered office, which is also its principal place of business, is located at 608 Ferros Bel-Air Tower, No. 30 Polaris Street, Makati City.

***Approval of the Financial Statement***

The financial statements of the Company for the year ended December 31, 2025 including its comparative figures for the year ended December 31, 2024 were approved and authorized for issue by the Board of Directors (BOD) on May 7, 2026.

## NOTE 2 - BASIS OF PREPARATION AND PRESENTATION

***Statement of Compliance***

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standard (PFRS) Accounting Standards.

***Basis of Preparation and Measurement***

The Company has prepared the financial statements as at and for the year ended December 31, 2025 and 2024 on a going concern basis, which assumes continuity of current business activities and the realization of assets and settlements of liabilities in the ordinary course of business.

The financial statements are presented in Philippine Peso (₱), the currency of the primary economic environment in which the Company operates. All amounts are rounded to the nearest peso.

The financial statements have been prepared on historical cost basis, unless stated otherwise. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

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

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

When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified valuers) using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Further information about assumptions made in measuring fair values is included in the following:

- Note 5 - Significant Accounting Judgments and Estimates
- Note 24 - Fair Value Measurement

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

## NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Company adopted all applicable accounting standards and interpretations as at December 31, 2025. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the Financial and Sustainability Reporting Standards Council (FSRSC) in the Philippines, that were assessed by the Management to be applicable to the Company's financial statements are as follows:

***Adoption of Amended Standards Effective Beginning on or after January 1, 2025:***

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended Standards which the Company adopted effective for annual periods beginning January 1, 2025.

Unless otherwise indicated, the adoption of the new and amended standards did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

- Amendments to PAS 21, *Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

***New and Amended PFRS and PIC Issuances in Issue but Not Yet Effective or Adopted***

Unless otherwise indicated the Company does not expect that the future adoption of the said pronouncements to have a significant impact on the financial statements. The Company intends to adopt the following pronouncements when they become effective;

*Effective beginning on or after January 1, 2026*

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

  The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

  The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

  The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

  Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

- Annual Improvements to PFRS Accounting Standards—Volume 11
  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*

    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

  - Amendments to PFRS 9

    - Lessee Derecognition of Lease Liabilities
      The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

    - Transaction Price
      The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

    The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

  - Amendments to PAS 7, *Cost Method*

    The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

  Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

*Effective beginning on or after January 1, 2027*

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

  Based on preliminary assessment, the management believes that the adoption of PFRS 18 will not affect total profit or equity of the Company. However, the adoption may affect the subtotals and performance measures presented in the statement of comprehensive income. The Company is continuously evaluating the full impact of this new standard on its financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*

  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS Accounting Standards.

  In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

  The application of the standard is optional for eligible entities.

  Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

  The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

  Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

*Deferred effectivity*

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FSRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the company financial statements in the year of adoption, if applicable.

## NOTE 4 - SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies that have been used in the preparation of these financial statements are summarized below. These accounting policies information are considered material because of its amounts, nature and related amounts. These are material in understanding material information in the financial statement. These policies have been consistently applied to all the years presented, unless otherwise stated.

Financial Instruments

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

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

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

***"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.

***Classification***

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVTPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either (a) financial liabilities at FVTPL or (b) financial liabilities at amortized cost. The classification of a financial instruments largely depends on the Company's business model and its contractual cash flow characteristics.

***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 credit losses, 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 the statements of income when the financial assets are derecognized, modified or impaired. 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

As at December 31, 2025 and 2024, the Company's cash, commission and other receivables, and trade payables are classified under this category. (Note 6,7,11)

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Loss allowances of the Company are measured on either of the following bases:
• 12-month expected credit losses (ECLs) - these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
• Lifetime ECLs - these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all patient receivables arising from individual patients, corporate accounts, health maintenance organizations and insurance companies. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with PFRS 15.

Additionally, the Company elects an accounting policy to recognize full lifetime expected losses for all contract assets and/or all trade receivables that do constitute a financing transaction in accordance with PFRS 15.

General approach

The Company applies the general approach to provide for ECLs on non-trade receivables. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or

- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**Cash**

Cash includes cash on hand and in banks. Cash in banks demand deposits with banks and earn interest at prevailing bank deposit rates. Meanwhile, cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value, and which have a maturity of three (3) months or less at acquisition.

**Commission and Other Receivables**

Commission receivables represent amounts due from insurance companies for brokerage services rendered by the Company. These are recognized when the Company satisfies its performance obligations, generally upon placement or renewal of insurance policies, in accordance with PFRS 15.

Other receivables include advances, reimbursements, and other amounts due from third parties arising in the ordinary course of business.

Commission receivables and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses, in accordance with PFRS 9.

The Company classifies these receivables as financial assets at amortized cost, as they are held within a business model whose objective is to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Company applies the simplified approach in measuring expected credit losses for commission receivables, which requires recognition of lifetime expected credit losses at all times. For other receivables, the Company applies either the simplified approach for short-term receivables or the general approach, whereby a loss allowance is recognized based on 12-month expected credit losses or lifetime expected credit losses when there has been a significant increase in credit risk.

The allowance for expected credit losses is based on historical credit loss experience, adjusted for current and forward-looking information. Receivables are written off when there is no reasonable expectation of recovery.

Commission receivables and other receivable are presented under current assets, unless collection is expected beyond twelve (12) months after the reporting period, in which case these are presented as noncurrent assets.

**Prepayments and Other Current Assets**

Prepaid Expenses represent payments made in advance for goods or services to be received in future periods. These are initially recognized at cost and subsequently expensed on a straight-line basis or over the period in which the related benefits are consumed.

Security Deposits represent refundable amounts paid to lessors, service providers, or other counterparties to secure contractual obligations. These are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses, in accordance with PFRS 9. Given their short-term nature, the effect of discounting is not considered material; hence, these are carried at nominal amounts.

The Company applies the expected credit loss model in assessing impairment of security deposits. A loss allowance is recognized based on historical experience and forward-looking information. Deposits are written off when there is no reasonable expectation of recovery.

These assets are classified as current when they are expected to be realized, consumed, or recovered within twelve (12) months after the reporting period; otherwise, they are presented as noncurrent assets.

**Prepaid Income Taxes**

Prepaid income tax from Creditable Withholding Taxes (CWTs) CWTs represent amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within twelve months, are classified as current assets. Otherwise, it is presented as noncurrent assets.

***Financial Liabilities at Amortized Cost***

**Financial liabilities**

Classification and presentation

The Company classifies its financial liabilities in the following categories: (i) at amortized cost; and (ii) at fair value through profit or loss.

The Company did not hold any financial liabilities under category (ii) during and at the end of each reporting period.

***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.

*Recognition and measurement*

Financial liabilities are recognized in the statement of financial position when, and only when the Company becomes a party to the contract provisions of the instrument.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. 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.

As at December 31, 2025, 2024 and 2023, the Company's trade and other payables (except government statutory payables) are classified under this category (Note 11 and 13).

***Trade and Other Payables***

Payables are recognized when the Company becomes a party to the contractual provision that gives rise to a receivable of another entity. Payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. They are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the suppliers.

Accrued expenses represent expenses incurred for the period, but not yet paid as at reporting date.

**Reclassification**

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date). For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVTPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

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

For a financial asset reclassified out of the financial assets at FVTPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount. For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI shall be recognize in profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVTPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

**Derecognition of Financial Assets and Liabilities**

***Financial Assets***

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

- the 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 the asset, or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its 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*

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 the statements of comprehensive income.

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 the statements of comprehensive income.

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.

**Offsetting of Financial Assets and Liabilities**

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

**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.

**Property and Equipment**

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

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their costs and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

**Intangible Assets (Computer Software)**

Intangible asset represents purchased computer software. This is initially measured at cost and is presented in the statement of financial position at cost less accumulated amortization and any accumulated impairment losses. Computer software is amortized over its estimated useful life of three (3) years using the straight-line method. If there is an indication that there has been a significant change in the useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

**Impairment of Non- Financial Assets**

At each reporting date, the carrying amount of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected 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 and loss

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit and loss.

**Loans Payable**

Bank loans are recognized initially at the transaction price, which is the fair value of the consideration received, net of directly attributable transaction costs, if any.

Subsequent to initial recognition, bank loans are measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss over the term of the loan based on the applicable interest rate.

Borrowings are classified as current liabilities when they are due to be settled within twelve (12) months after the reporting date, or when the Company does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting date. All other borrowings are classified as non-current liabilities.

**Other Current Liabilities**

Other current liabilities consist primarily of government taxes payable and statutory payables, including obligations to government agencies arising in the ordinary course of business.

These liabilities are recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Other current liabilities are presented in the statement of financial position at their undiscounted amounts, as they are generally expected to be settled within one year.

**Share Capital**

Share capital represents the total par value of the ordinary shares issued.

Equity instruments are measured at the fair value of the cash or other consideration received or receivable, net of the direct costs of issuing the equity instruments.

The difference between the consideration received and the par value of the shares issued is credited to share premium.

**Retained Earnings**

Retained earnings include income earned in current and prior periods net of any dividend declaration, effects of changes in accounting policy and prior period adjustments.

**Revenue**

***Revenue recognition***

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured by reference to the fair value of consideration received or receivable excluding discounts, returns and sales taxes.

Revenue is recognized either at a point in time or over a period of time.

Revenue is recognized as follows:

***Commission Income***

Commission income is recognized when the insurance policy becomes effective and the Company has established its right to receive the commission, and it is probable that economic benefits will flow to the Company. Commission income is measured at the fair value of the consideration received or receivable, net of any adjustments or reversals. Commission receivables are subsequently measured at amortized cost and assessed for impairment in accordance with applicable financial instruments standards.

***Finance income***

Finance income comprises interest income on bank deposits. Interest income is recognized in profit and loss as it accrues, using the effective interest method.

***Other income***

Other income is recognized when earned.

**Expenses**

Expenses are decreases in economic benefits in the form of decreases in assets or increase in liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are received or when the expenses are incurred.

***Direct costs***

Direct costs are recognized in profit or loss in the period the services have been rendered.

***Operating expense***

Operating expenses are cost attributable to general & administrative expenses other business activities of the Company. This includes salaries and wages, retirement benefit, rent expense and other costs that cannot be associated directly to the services rendered.

***Borrowing costs***

Borrowing costs include interest and other charges related to borrowing arrangements.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale,

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**Income Tax**

Income tax expense includes current tax expense and deferred tax expense.

*Current Tax*. Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates 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 using the balance sheet liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforwards of unused MCIT and NOLCO 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 sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

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

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

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

**Employee Benefits**

***Short-term benefits***

Short-term benefits given by the Company to its employees include salaries and wages, compensated absences, 13th month pay, employer share contributions and other de minimis benefits, among others.

These are recognized as expense in the period the employees render services to the Company.

***Retirement Benefits***

The Company provides retirement benefits to qualified employees in accordance with Republic Act No. 7641 (Retirement Pay Law). The retirement benefit obligation is computed based on the employees' current salary multiplied by their years of service, consistent with the minimum retirement benefit prescribed under the law.

The Company accounts for retirement benefits using the accrual method. The cost of providing retirement benefits is recognized as an expense over the period in which employees render the related services. The retirement liability is measured as the present value of the defined benefit obligation at the end of the reporting period.

As of the reporting date, the Company has not recognized any retirement benefit obligation as none of its employees are currently entitled to retirement benefits under the provisions of the law.

Management will reassess the need to obtain an actuarial valuation in the future should the number of employees increase or the retirement benefit obligation become significant.

**Related Party Transactions and Relationships**

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless whether a price is charged. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

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

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

**Leases**

A lease is a contract that conveys the right to use an identified asset for a period of time in exchange for a consideration.

Determination as to whether a contract is, or contains, a lease is made at the inception of the lease. Accordingly, the Company assesses whether the contract meets three key evaluations which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the lessee;
- the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the lessee has the right to direct the use of the identified asset throughout the period of use. The lessee assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

***Company as Lessee***

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed), variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability is increased for interest incurred and reduced for lease payments made.

The right-of-use asset is initially measured at the amount of lease liability adjusted for any initial direct costs incurred by the lessee, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

**Provisions and contingencies**

Provisions are recognized only when the Company has a present obligation as a result of past event and it is probable that the Company will be required to transfer economic benefits in settlement, and the amount of provision can be estimated reliably.

Contingent assets and liabilities are not recognized in the financial statements.

**Changes in accounting policies, change in accounting estimates and correction of prior period errors**

The Company applies changes in accounting policy if the change is required by the accounting standards or in order to provide reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial statements. Changes in accounting policy brought about by new accounting standards are accounted for in accordance with the specific transitional provision of the standards. All other changes in accounting policy are accounted for retrospectively.

Changes in accounting estimates is recognized prospectively by reflecting it in the profit and loss in the period of the change if the change affects that period only or the period of the change and future periods if the change affects both.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorized for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

To the extent practicable, the Company corrects a material prior period error retrospectively in the first financial statements authorized for issue after its discovery by restating the comparative amounts for the prior periods(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the Company restates the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

**Subsequent events**

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

## NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgements and accounting estimates and assumptions used in the financial statements are based upon management evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

The following are the significant judgement, accounting estimates and assumptions by the Company:

**Judgment**

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:

***Assessment of Impairment of Nonfinancial Assets***

The Company determines whether there are indicators of impairment of the Company's non-financial assets. Indicators of impairment include significant change in usage, decline in the asset's fair value or underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could be used by management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

No impairment loss was recognized in the Company's financial statements in either 2024 or 2023.

**Recoverability of Prepaid Income Tax**

The Company has recognized prepaid income tax amounting to ₱30.9 million as at the reporting date, representing approximately 72% of total assets.

Management exercises significant judgment in assessing the recoverability of prepaid income tax, which is dependent on the Company's ability to generate sufficient future taxable income against which the prepaid taxes can be applied or recovered through refund or tax credit.

The assessment of recoverability involves the use of estimates and assumptions, including but not limited to:

- projected future taxable income and profitability;
- timing of reversal of taxable and deductible temporary differences;
- tax planning strategies available to the Company; and
- the likelihood of recovery through refund claims or utilization against future tax liabilities.

Given the materiality of the prepaid income tax balance relative to total assets, any changes in these assumptions may have a significant impact on the Company's financial position and results of operations.

If management determines that it is no longer probable that sufficient taxable income will be available to recover the prepaid income tax, an allowance or write-down may be recognized in profit or loss in the period such determination is made.

Management believes that the prepaid income tax is recoverable based on its current assessment of future taxable income and planned operations; however, actual results may differ from these estimates. (Note 22)

**Estimates**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

***Estimating useful lives of property and equipment***

The Company estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets and residual values are reviewed, and adjusted if appropriate, only if there is a significant change in the asset or how it is used.

The following estimated useful lives are used in depreciating the property and equipment:

| Description | Useful Lives |
|---|---|
| Leasehold improvement | 5 years |
| Transportation equipment | 5 years |
| Furniture and fixtures | 3 years |
| Office equipment | 3 years |

**NOTE 6 - CASH**

This account consists of:

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Petty cash fund | ₱ | **8,000** | ₱ | 8,000 |
| Cash in bank | | **7,039,597** | | 4,809,810 |
| | ₱ | **7,047,597** | ₱ | 4,817,810 |

Cash in bank generally earns interest at rates based on daily bank deposit rates. Interest income recognized in the Statement of Comprehensive Income amounted to ₱127,387 and ₱73,118 in 2025 and 2024, respectively.

**NOTE 7 - COMMISSION AND OTHER RECEIVABLES**

This account consists of:

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Commission receivables | ₱ | **135,295** | ₱ | 132,597 |
| Advances to employees | | **389,023** | | 302,624 |
| Other receivable | | **1,709,050** | | 1,567,590 |
| | ₱ | **2,233,368** | ₱ | 2,002,811 |

The average credit term on commission receivables is 60-90 days. No interest is charged on the receivables.

Advances to employees pertains to interest bearing salary loans payable through salary deduction for a period of six months to one year. The interest rate on loans ranges from 3% per month on both years. Interest income arising from salary loans is presented as part of other income in the statements of comprehensive income. This amounts to ₱35,934 and ₱103,746 for 2025 and 2024, respectively (Note 16).

As at December 31, 2025 and 2024, management believes that there are no expected credit losses in relation to these financial assets, accordingly, no loss allowance was recognized for the year.

## NOTE 8 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Prepaid expenses | ₱ | 2,642,225 | ₱ | 1,680,790 |
| Security deposit (Note 21) | | 56,000 | | 56,000 |
| | ₱ | 2,698,225 | ₱ | 1,736,790 |

Prepaid expenses pertain to unamortized portion of insurance and other company expenses to be realized on the next accounting period.

Security deposits are made for the faithful performance of the provisions of the lease agreements and shall cover possible damages to the leased premises. These are refundable at the end of the service agreement. (Note 21)

## NOTE 9 - PROPERTY AND EQUIPMENT, NET

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The movements in the carrying amounts of property and equipment for the years ended December 31, 2025 and 2024 are as follows:

**2025**

| | Transportation Equipment | Office Equipment | Leasehold Improvement | Furniture & Fixtures | Total |
|---|---|---|---|---|---|
| **Costs** | | | | | |
| Beginning | ₱ 6,880,085 | ₱ 2,784,946 | ₱ 937,867 | ₱ 581,084 | ₱ 11,183,922 |
| Additions | 1,415,089 | 204,010 | - | - | 1,619,099 |
| Disposal | - | - | - | - | - |
| | 8,295,174 | 2,988,956 | 937,867 | 581,084 | 12,803,021 |
| **Accumulated depreciation** | | | | | |
| Beginning | 4,444,325 | 2,550,925 | 937,866 | 574,449 | 8,507,565 |
| Depreciation | 735,386 | 76,443 | - | 6,574 | 818,403 |
| Disposal | - | - | - | - | - |
| | 5,179,711 | 2,627,368 | 937,866 | 581,023 | 9,325,968 |
| Carrying amount- December 31, 2024 | ₱ 2,435,760 | ₱ 234,021 | ₱ 1 | ₱ 6,575 | ₱ 2,676,357 |
| **Carrying amount- December 31, 2025** | **₱ 3,115,463** | **₱ 361,588** | **₱ 1** | **₱ 1** | **₱ 3,477,053** |

**2024**

| | Transportation Equipment | Office Equipment | Leasehold Improvement | Furniture & Fixtures | Total |
|---|---|---|---|---|---|
| **Costs** | | | | | |
| Beginning | ₱ 5,534,807 | ₱ 2,665,730 | ₱ 937,867 | ₱ 581,024 | ₱ 9,719,428 |
| Additions | 1,345,278 | 119,216 | - | - | 1,464,494 |
| Disposal | - | - | - | - | - |
| | 6,880,085 | 2,784,946 | 937,867 | 581,024 | 11,183,922 |
| **Accumulated depreciation** | | | | | |
| Beginning | 3,939,345 | 2,504,822 | 937,866 | 562,517 | 7,944,550 |
| Depreciation | 504,980 | 46,103 | - | 11,932 | 563,015 |
| Disposal | - | - | - | - | - |
| | 4,444,325 | 2,550,925 | 937,866 | 574,449 | 8,507,565 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Carrying amount-December 31, 2023 | ₱ | 1,595,462 | ₱ | 160,908 | ₱ | 1 | ₱ | 18,507 | ₱ | 1,774,878 |
| Carrying amount-December 31, 2024 | ₱ | 2,435,760 | ₱ | 234,021 | ₱ | 1 | ₱ | 6,575 | ₱ | 2,676,357 |

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Depreciation is recognized in profit or loss and allocated as follows:

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Direct Costs | ₱ | **818,403** | ₱ | 512,517 |
| Operating Expenses | | **-** | | 50,498 |
| | ₱ | **818,403** | ₱ | 563,015 |

The Company has no contractual commitments for the acquisition of property and equipment as at December 31, 2025 and 2024.

*Assets Pledged as Security*

Certain transportation equipment with carrying amounts of ₱3,115,463 and ₱2,435,760 as at December 31, 2025 and 2024, respectively, have been pledged as collateral to secure the Company's bank loans (Note 13).

Management assesses at each reporting date whether there is any indication that property and equipment may be impaired. Where an indicator of impairment exists, the Company estimates the recoverable amount of the asset. No impairment loss was recognized in 2025 and 2024 as the recoverable amounts exceed their respective carrying amounts.

## NOTE 10 - COMPUTER SOFTWARE, NET

Computer software represents acquired application systems and licenses which are recognized as intangible assets when it is probable that future economic benefits attributable to the asset will flow to the Company and the cost can be measured reliably.

Computer software is carried at cost less accumulated amortization and any accumulated impairment losses.

| | | 2025 | | 2024 |
|---|---|---|---|---|
| **Cost** | | | | |
| January 1 | ₱ | **1,347,108** | ₱ | 278,016 |
| Additions | | **1,069,092** | | 1,069,092 |
| December 31 | | **2,416,200** | | 1,347,108 |
| **Accumulated amortization** | | | | |
| January 1 | | **411,653** | | 278,016 |
| Amortization expense | | **347,455** | | 133,637 |
| December 31 | | **759,108** | | 411,653 |
| **Carrying amount, December 31** | ₱ | **1,657,092** | ₱ | 935,455 |

Amortization is computed using the straight-line method over the estimated useful life of the software of 3 years.

Amortization is recognized in profit or loss under operating expenses.

The Company assesses at each reporting date whether there is any indication that the computer software may be impaired. Where an indicator of impairment exists, the recoverable amount is estimated. No impairment loss was recognized in 2025 and 2024.

Costs associated with maintaining computer software are recognized as expense when incurred. Costs that are directly attributable to the acquisition and installation of identifiable and unique software controlled by the Company are capitalized.

The useful life and amortization method are reviewed at least annually and adjusted prospectively if appropriate. Computer software is assumed to have no residual value.

**NOTE 11 - TRADE PAYABLES**

Trade payables represent liabilities arising from purchase of goods and services from various suppliers. The payment terms on these liabilities range from 60 – 90 days and do not bear interest. These amounts to ₱8,190,626 and ₱7,571,299 as at December 31, 2025 and 2024, respectively.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

**NOTE 12 - OTHER CURRENT LIABILITIES**

This account consists of:

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Withholding tax payable | ₱ | **209,848** | ₱ | 68,770 |
| VAT payable | | **551,095** | | 258,448 |
| SSS, PHIC and HDMF payables | | **204,158** | | 138,603 |
| | ₱ | **965,101** | ₱ | 465,822 |

**NOTE 13 - LOANS PAYABLE**

Outstanding balances of the Company's loans payable are summarized as follows:

| | | 2025 | | 2024 |
|---|---|---|---|---|
| **Current** | | | | |
| Bank loans | ₱ | - | ₱ | 589,410 |
| Loans from shareholders | | **2,131,610** | | 2,523,375 |
| | | **2,131,610** | | 3,112,785 |
| **Non-current** | | | | |
| Bank loans | | **1,936,915** | | 1,487,234 |
| **Total** | ₱ | **4,068,525** | ₱ | 4,600,019 |

Bank Loans

This represents peso-denominated bank loans amounting to ₱1,936,915 and ₱1,487,234 as at December 31, 2025 and 2024, respectively and bears annual interest rates ranging from 6% to 9.68%. The loans are secured by a shareholder's property and the Company's transportation equipment with a carrying amounts of ₱3,115,463 and ₱2,435,760 as at December 31, 2025 and 2024 (see Note 9). The terms of the loans range from 3 to 5 years.

Loans from Shareholders

This represents loans obtained from shareholders amounting to ₱2,131,610 and ₱2,523,375 as of December 31, 2025 and 2024, respectively (Note 23). These loans are unsecured, subject to 8% interest, and renewable upon mutual agreement of both parties.

Movement of loans payable is as follows:

| | | **2024** | | 2024 |
|---|---|---|---|---|
| Beginning balance | ₱ | **4,600,019** | ₱ | 4,244,213 |
| Proceeds from additional loan | | **1,178,635** | | 952,360 |
| Payments | | **(1,710,129)** | | (596,554) |
| Ending balance | ₱ | **4,068,525** | ₱ | 4,600,019 |

Total interest expense recognized under finance costs in the statements of comprehensive income arising from these loans amounted to ₱286,199 and ₱158,669 in 2025 and 2024, respectively.

**NOTE 14 - EQUITY**

***Capital Stock***

The Company is authorized to issue one hundred twenty thousand (120,000) ordinary shares with a par value of one hundred peso (₱ 100) per share. On August 30, 2024 the SEC approves the increase of capital stock from (120,000) to (270,000) ordinary shares with a par value of one hundred peso (₱100) per share.

The Company declared a stock dividend amounting to ₱5,075,000, as approved and documented in the Corporate Secretary's Certificate duly notarized on 16 September 2025. The stock dividend is payable to stockholders of record as of 22 August 2025.

The declaration has been submitted to and acknowledged by the appropriate regulatory authority and has been made part of the official records of the Company. Management represents that the stock dividend declaration is in compliance with applicable laws and regulations and is supported by sufficient unrestricted retained earnings.

As at December 31, 2025 and 2024, the Company's total subscribed and issued and outstanding capital stock is owned by seven (7) stockholders. All stockholders owned more than 100 shares.

A reconciliation of the outstanding share capital at the beginning and end of 2025 and 2024 is shown below:

**2025**

| | **Number of Shares** | | **Amount** |
|---|---|---|---|
| **Outstanding 12/31/2024** | **100,500** | **₱** | **10,050,000** |
| **Issuance** | **69,600** | | **6,960,000** |
| **Reacquisition** | **-** | | **-** |
| **Outstanding 12/31/2025** | **170,100** | **₱** | **17,010,000** |

2024

| | Number of Shares | | Amount |
|---|---|---|---|
| Outstanding 12/31/2023 | 50,500 | ₱ | 5,050,000 |
| Issuance | 50,000 | | 5,000,000 |
| Reacquisition | - | | - |
| Outstanding 12/31/2024 | 100,500 | ₱ | 10,050,000 |

***Retained Earnings***

Dividends

The Company declared stock dividend of ₱5,075,000 in 2025.

Excess Unappropriated Retained Earnings over Paid-up Capital

Pursuant to Section 42 of the Revised Corporation Code of the Philippines, the "Stock Corporation" are prohibited from retained surplus in excess of one hundred percent (100%) of its paid-up capital, except: (1) when justified by definite corporate expansion projects or programs approved by the board of directors; or (2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; (3) when it can be clearly shown that such retention is necessary under special reserve for probable contingencies".

As of December 31, 2025, the Company's Unappropriated retained Earnings amounting to ₱17,832,779 exceeds its share capital by ₱822,779.

**NOTE 15 - REVENUES**

Details of the Company's revenues are as follows:

| | | **2025** | | 2024 |
|---|---|---|---|---|
| Commission income | ₱ | **36,688,455** | ₱ | 29,024,143 |
| Administrative fee | | **818,670** | | 852,827 |
| | ₱ | **37,507,125** | ₱ | 29,876,970 |

Administrative fee are charges to Victory Christian Fellowship and delivery charges to sub-agents.

**NOTE 16 - OTHER INCOME**

The Company's other income pertains to interest earned on the salary loans. This amount to ₱35,934 and ₱103,746 in 2025 and 2024, respectively. (Note 7)

**NOTE 17 - DIRECT COSTS**

Details of the Company's direct costs are as follows:

| | | **2025** | | 2024 |
|---|---|---|---|---|
| Salaries, wages, and benefits | ₱ | **11,439,611** | ₱ | 8,549,482 |
| Professional fees | | **4,180,670** | | 3,624,902 |
| Commission expense | | **2,076,320** | | 1,268,320 |

| | | | | |
|---|---|---|---|---|
| SSS, PHIC and HDMF | | **1,128,462** | | 784,055 |
| Marketing expenses | | **1,037,738** | | 298,612 |
| Depreciation expense (Note 9) | | **818,403** | | 512,517 |
| Communication, light, and water | | **763,709** | | 731,556 |
| Insurance Expense | | **471,146** | | 1,107,201 |
| Dues and subscription | | **425,469** | | 167,127 |
| Office supplies | | **354,479** | | 211,898 |
| Transportation and travel | | **167,191** | | 142,731 |
| Repair and maintenance | | **144,702** | | 232,430 |
| Meetings and conferences | | **122,807** | | 109,900 |
| Rent expense (Note 21) | | **53,471** | | - |
| Representation expense | | **40,130** | | 64,172 |
| Taxes and licenses | | **37,371** | | 256,346 |
| Miscellaneous expense | | **699,831** | | 712,688 |
| | ₱ | **23,961,510** | ₱ | 18,773,937 |

## NOTE 18 - OPERATING EXPENSES

Details of the Company's operating expenses are as follows:

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Salaries, wages, and benefits | ₱ | **3,406,397** | ₱ | 2,975,083 |
| Amortization expense | | **347,455** | | 133,637 |
| Retirement Benefit | | **293,350** | | 264,083 |
| Office supplies | | **291,226** | | 83,997 |
| Taxes and licenses | | **195,447** | | 168,577 |
| Professional fees | | **193,210** | | 103,320 |
| Transportation and travel | | **128,069** | | 11,319 |
| Rent expense (Note 21) | | **106,942** | | 141,811 |
| Communications, light and water | | **105,042** | | 215,537 |
| Dues and subscription | | **98,593** | | 94,382 |
| Insurance expense | | **94,399** | | 112,281 |
| Representation expense | | **73,419** | | 21,543 |
| SSS, PHIC and HDMF contributions | | **41,323** | | 132,377 |
| Marketing expenses | | **22,302** | | 22,518 |
| Commission expense | | **10,004** | | - |
| Fines and penalties | | **1,215** | | - |
| Repair and maintenance | | **1,005** | | 3,516 |
| Impairment loss (Note 8) | | **-** | | 992,891 |
| Depreciation expense (Note 9) | | **-** | | 50,498 |
| Miscellaneous expense | | **116,401** | | 103,923 |
| | ₱ | **5,525,799** | ₱ | 5,631,293 |

## NOTE 19 - DEPRECIATION, EMPLOYEE BENEFITS, AND RENT

**2025**

| | | Direct Costs | | Operating Expenses | | Total |
|---|---|---|---|---|---|---|
| **Depreciation** | ₱ | 818,403 | ₱ | - | ₱ | 818,403 |
| **Employee benefits*** | | 12,568,072 | | 3,741,070 | | 16,309,142 |
| **Rent** | | 53,471 | | 106,942 | | 160,413 |

**Employee benefits includes compensation and other employee benefits, statutory contributions, and retirement benefit.*

2024

| | | Direct Costs | | Operating Expenses | | Total |
|---|---|---|---|---|---|---|
| Depreciation | ₱ | 512,517 | ₱ | 50,498 | ₱ | 563,015 |
| Employee benefits* | | 9,333,537 | | 3,371,543 | | 12,705,080 |
| Rent | | - | | 141,811 | | 141,811 |

**Employee benefits includes compensation and other employee benefits, statutory contributions, and retirement benefit.*

## NOTE 20 - EMPLOYEE'S COMPENSATION AND BENEFITS

***Salaries and Employee Benefits Expense***

Details of salaries and employee benefits are presented below (Note 17, 18, and 19).

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Salaries, wages, benefits and statutory contributions | ₱ | 16,015,792 | ₱ | 12,440,996 |
| Retirement benefit | | 293,350 | | 264,083 |
| | ₱ | 16,309,142 | ₱ | 12,705,079 |

***Retirement Obligation***

The Company have no accrued retirement liability of as at December 31, 2025 and 2024, respectively.

Movement of retirement benefit liability follows:

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Balance, January 1 | ₱ | - | ₱ | - |
| Retirement benefit expense for the year | | 293,350 | | 264,083 |
| Retirement benefits paid | | (293,350) | | (264,083) |
| Balance, December 31 | ₱ | - | ₱ | - |

## NOTE 21 - LEASE AGREEMENTS

The Company enters into lease agreements as a lessee for its office spaces. Lease contracts are typically for a period of one (1) year and may be renewed upon mutual agreement of the parties.

The Company applies the recognition exemptions under PFRS 16 for short-term leases (i.e., leases with a term of 12 months or less and without a purchase option). Accordingly, no right-of-use (ROU) assets and lease liabilities are recognized for these leases.

Payments associated with short-term leases are recognized as expense on a straight-line basis over the lease term and are presented in profit or loss under rent expense. Variable lease payments, if any, that do not depend on an index or rate are recognized as expense in the period in which the event or condition that triggers those payments occurs.

Rent expense recognized from short-term leases amounted to:

- ₱106,942 in 2025
- ₱141,811 in 2024

These are presented under Direct Costs and Operating Expenses in the statements of comprehensive income (Notes 17 and 18).

The lease agreements require refundable security deposits amounting to ₱56,000 as at December 31, 2025 and 2024. These are presented as part of prepayments and other current assets in the statements of financial position (Note 8).

The Company has assessed that its lease arrangements qualify as short-term leases based on the enforceable lease term, considering renewal options only when it is reasonably certain that such options will be exercised. Accordingly, the recognition exemption under PFRS 16 has been applied.

## NOTE 22 - INCOME TAXES

Income tax expense for the years ended December 31 consists of:

| | | **2025** | | 2024 |
|---|---|---|---|---|
| Current | ₱ | **2,023,991** | ₱ | 1,673,018 |
| Deferred | | **-** | | - |
| | ₱ | **2,023,991** | ₱ | 1,673,018 |

Reconciliation between statutory tax and effective tax follows:

| | | **2025** | | 2024 |
|---|---|---|---|---|
| Income tax at statutory rate | ₱ | **1,974,235** | ₱ | 1,372,484 |
| Tax effect income subject to final tax | | **(31,847)** | | (18,280) |
| Tax effect of non-deductible retirement expense | | **73,338** | | 66,021 |
| Tax effect of non-deductible interest expense | | **7,962** | | 4,570 |
| Tax effect on impairment loss | | **-** | | 248,223 |
| Tax effect on fines and penalties | | **303** | | - |
| Income tax at effective rate | ₱ | **2,023,991** | ₱ | 1,673,018 |

Analysis of income tax payable (prepaid income tax) follows:

| | | **2025** | | 2024 |
|---|---|---|---|---|
| **Regular Corporate Income Tax:** | | | | |
| Income before tax | ₱ | **7,896,938** | ₱ | 5,489,936 |
| Permanent Differences: | | | | |
| Interest Income Subjected to Final Tax | | **(127,388)** | | (73,119) |
| Interest arbitrage | | **31,847** | | 18,280 |
| Fines and penalties | | **1,215** | | - |
| Non-deductible portion of retirement expense | | **293,350** | | 264,083 |

| | | | | |
|---|---|---|---|---|
| Impairment loss | | - | | 992,891 |
| Taxable income | | **8,095,962** | | 6,692,071 |
| Tax rate | | **25%** | | 25% |
| | **₱** | **2,023,991** | ₱ | 1,673,018 |
| **Minimum Corporate Income Tax:** | | | | |
| Taxable gross income | **₱** | **13,581,548** | ₱ | 11,206,780 |
| Tax rate | | **2%** | | 2% |
| | **₱** | **271,631** | ₱ | 224,136 |
| **Tax due (Higher of RCIT or MCIT)** | **₱** | **2,023,991** | ₱ | 1,673,018 |
| Less: Tax credits | | | | |
| Prior Year's Excess Credit | | **(25,477,485)** | | (23,820,319) |
| Creditable taxes | | **(2,344,417)** | | (3,330,184) |
| Prepaid income tax | **₱** | **(25,797,911)** | ₱ | (25,477,485) |

Prepaid income tax presented in the statements of financial position includes deferred creditable withholding taxes (CWTs) amounting to ₱5,155,785 and ₱2,075,265 as of December 31, 2025 and 2024, respectively. These represent creditable withholding taxes pending actual receipt and reconciliation of the related certificates of creditable tax withheld at source and, accordingly, were not presented as part of current year creditable taxes.

**Net Operating Loss Carry Over (NOLCO)**

Net operating loss carry-over (NOLCO) represents the excess of allowable deductions over gross income in a taxable year, which may be carried forward and deducted from future taxable income. NOLCO is recognized as a deferred tax asset to the extent that it is probable that sufficient future taxable profit will be available against which the losses can be utilized.

The deferred tax asset is measured using the applicable income tax rate expected to apply in the period when the benefit is realized.

NOLCO is applied as a deduction from taxable income within the three (3)-year period immediately following the year in which the loss was incurred, in accordance with existing tax laws and regulations. Any unused NOLCO after the allowable period expires and is no longer available as a deduction.

The Company reviews the carrying amount of deferred tax assets at each reporting date and reduces the amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

**Minimum Corporate Income Tax**

Under Philippine tax regulations, the Company is subject to Minimum Corporate Income Tax (MCIT) equivalent to 2% of gross income beginning on the fourth taxable year immediately following the year in which the Company commenced business operations. The MCIT is imposed when it is greater than the regular corporate income tax based on taxable income.

Any excess of the MCIT over the regular corporate income tax may be carried forward and credited against the regular corporate income tax for the succeeding three (3) taxable years.

## NOTE 23 - RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, has transactions with related parties. Presented below are the specific relationship, amount of transactions, account balances, terms and conditions and the nature of the consideration to be provided in settlement, and settlement terms.

**2025**

| Nature of Relationship | Nature of Transaction | Amount (current transaction) | Outstanding balance |
|---|---|---|---|
| Major Shareholder | Proceeds on Loans | ₱ - | ₱ 2,131,610 |
| | Payment of Loans | (391,768) | |

2024

| Nature of Relationship | Nature of Transaction | Amount (current transaction) | Outstanding balance |
|---|---|---|---|
| Major Shareholder | Proceeds on Loans | ₱ - | ₱ 2,523,375 |
| | Payment of Loans | - | |

***Terms and Conditions***

The loans from shareholders have the following characteristics:

- Non-interest bearing
- Unsecured
- Payable on demand and without fixed repayment terms
- Settled in cash

The Company assessed that the loans are payable on demand, hence classification as current liabilities is appropriate in accordance with PAS 1. Management has no unconditional right to defer settlement for at least twelve (12) months after the reporting period.

The loans are initially recognized at fair value. Given that these are non-interest bearing and payable on demand, the fair value approximates the transaction price. Accordingly, no discounting impact was recognized.

Outstanding balances are not impaired as these represent obligations of the Company. No guarantees were provided or received in relation to these balances.

*Key Management Compensation*

No compensation was paid to key management personnel in year 2025 and 2024.

## NOTE 24 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

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 business activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The most significant financial risks to which the Company is exposed to are described below:

***Interest Rate Risk***

The Company's exposure to risk for changes in interest rates relates primarily to the Company's bank accounts. As at December 31, 2024 and 2023, these amounted to ₱7,039,597 and ₱4,809,810, respectively (Note 6). The Company's exposure to changes in interest rates is not significant.

***Credit Risk***

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to credit risk primarily through its cash in banks and commission and other receivables.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

With respect to credit risk arising from other financial assets of the Company, which comprise cash in banks and other receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD.

The credit quality of the financial assets is managed by the Company using the internal credit quality ratings. High grade accounts consist of receivables from debtors with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered standard grade accounts. Receivables that are still collectible but require persistent effort from the Company to collect are considered substandard grade accounts. All of the Company's financial assets are high grade.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Cash in banks | ₱ | **7,039,597** | ₱ | 4,809,810 |
| Commission and other receivables | | **2,233,368** | | 2,002,811 |
| Security deposit | | **56,000** | | 56,000 |
| | ₱ | **9,328,965** | ₱ | 6,868,621 |

*Cash excludes cash on hand amounting to ₱8,000 as at December 31, 2025 and 2024.*

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

*(a) Cash*

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the

Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

*(b) Commission and Other Receivables*

Commission receivables

The Company applies the PFRS 9 simplified approach in measuring ECL which uses lifetime expected credit loss allowance for all commission receivables. To measure expected credit losses, commission receivables are grouped based on shared credit risk characteristics and the days past due (age buckets). The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2025 and December 31, 2024, respectively, and the corresponding historical credit losses experienced within such period. The historical rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting ability of the customers to settle the receivables.

All receivables as of December 31, 2025 and 2024 were collected before the issuance of the audited financial statement therefore management concluded that no expected credit loss needs to be recognized on its commission receivables for the period.

Advances to employees and other receivables

The amount of ECL is not significant due to the fact that the collectability of contractual cash flows expected from these financial instruments is reasonably assured.

*(c) Security deposit*

The amount of ECL is not significant due to the fact that the collectability of contractual cash flows expected from these financial instruments is reasonably assured.

***Liquidity Risk***

The Company's exposure to liquidity risk is minimal. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of loans. In addition, the Company regularly evaluates its projected and actual cash flows. Fund raising activities may include bank loans.

The following table presents the maturity profile of the Company's financial liabilities as at December 31, 2025 and 2024 based on contractual undiscounted payments.

| | December 31, 2025 | | |
|---|---|---|---|
| | **Within 1 Year** | **1 to 3 years** | **Total** |
| **Trade payables** | ₱ 8,190,626 | ₱ - | ₱ 8,190,626 |
| **Loans payable** | 2,131,610 | 1,936,915 | 4,068,525 |
| | ₱ 10,322,236 | ₱ 1,936,915 | ₱ 12,259,151 |

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Within 1 Year | | 1 to 3 years | | Total | |
| Trade payables | ₱ | 7,571,299 | ₱ | - | ₱ | 7,571,299 |
| Loans payable | | 3,112,785 | | 1,487,234 | | 4,600,019 |
| | ₱ | 10,684,084 | ₱ | 1,487,234 | ₱ | 12,171,318 |

**Capital Management**

The primary objective of the Company's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

The Company considers its capital stock, additional paid-in capital and retained earnings totaling ₱34,842,779 and ₱27,084,832 as at December 31, 2025 and 2024, respectively as its capital employed. The Company maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns to shareholders over the long term. No changes were made in the objectives, policies or processes during the years ended December 31, 2025 and 2024.

**Fair Value Measurement**

The following table presents the carrying amounts and fair values of the Company's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

| | | 2025 | | | |
|---|---|---|---|---|---|
| | | | Fair Value | | |
| | Note | Carrying Amount | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Assets for which fair values are disclosed:** | | | | | |
| **Cash** | 6 | ₱ 7,047,597 | - | ₱ 7,047,597 | - |
| **Commission and other receivables** | 7 | 2,233,368 | - | 2,233,368 | - |
| **Security deposit** | 8 | 56,000 | - | 56,000 | - |
| | | ₱ 9,336,965 | - | ₱ 9,336,965 | - |
| **Liabilities for which fair values are disclosed:** | | | | | |
| **Financial liabilities at amortized cost:** | | | | | |
| **Trade payables** | 11 | ₱ 8,190,626 | - | ₱ 8,190,626 | - |
| **Loans payable** | 13 | 4,068,525 | - | 4,068,525 | - |
| | | ₱ 12,259,151 | - | ₱ 12,259,151 | - |

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | | Fair Value | | |
| | Note | Carrying Amount | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Assets for which fair values are disclosed: | | | | | |
| Cash | 6 | ₱ 4,817,810 | - | ₱ 4,817,810 | - |
| Commission and other receivables | 7 | 2,002,811 | - | 2,002,811 | - |
| Security deposit | 8 | 56,000 | - | 56,000 | - |
| | | ₱ 6,876,621 | - | ₱ 6,876,621 | - |

| | | 2024 | | | |
|---|---|---|---|---|---|
| | | | Fair Value | | |
| | Note | Carrying Amount | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Liabilities for which fair values are disclosed: | | | | | |
| Financial liabilities at amortized cost: | | | | | |
| Trade payables | 11 | ₱ 7,571,299 | - | ₱ 7,571,299 | - |
| Loans payable | 13 | 4,600,019 | - | 4,600,019 | - |
| | | ₱ 12,171,318 | - | ₱ 12,171,318 | - |

## NOTE 25 - RECONCILIATION OF LIABLITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

**2025**

| | | Loans Payable |
|---|---|---|
| **Balance as of January 1, 2025** | **₱** | **4,600,019** |
| **Cash flow from Financing Activities:** | | |
| **Additional Borrowing** | | **1,178,635** |
| **Repayment of Borrowing** | | **(1,710,129)** |
| **Balance, December 31, 2025** | **₱** | **4,068,525** |

2024

| | | Loans Payable |
|---|---|---|
| Balance as of January 1, 2024 | ₱ | 4,244,213 |
| Cash flow from Financing Activities: | | |
| Additional Borrowing | | 952,360 |
| Repayment of Borrowing | | (596,554) |
| Balance, December 31, 2024 | ₱ | 4,600,019 |

## NOTE 26 - SUPPLEMENTARY INFORMATION REQUIRED BY INSURANCE COMMISSION

Presented below is the supplementary information which is required by the Insurance Commission under Insurance Commission Circular Letter No. 2021 – 65 and 69 to disclosed as part of the notes to financial statements or a separate schedule. This supplementary information is not a required disclosure under PFRS Accounting Standards.

*(a) Clients Money*

The Company does not have clients' money account. The Company uses a direct remittance agreement. This is a type of transaction wherein a client/insurer/cedants remits the premium payments directly to the insurance/reinsurance company.

*(b) Net Worth Compliance*

The Company is required to comply with the minimum net worth requirement for an insurance broker amounting to ₱10,000,000 per Insurance Commission Circular Letter No. 2018-52.

As of December 31, 2025, the Company's net worth is compliant with minimum net worth requirement set forth by the Insurance Commission.

*(c) Fiduciary Ratio*

The Company is not required to comply with the fiduciary ratio requirements per Insurance Commission Circular Letter No. 2021-65. The Company uses a direct remittance agreement. This is a type of transaction wherein a client/insurer/cedants remits the premium payments directly to the insurance/reinsurance company.

*(d) Offsetting Arrangements*

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

## NOTE 27 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under Revenue Regulation (RR) No. 15-2010 and 34-2020 to disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented below and in the succeeding pages.

*(a) Output VAT*

| | Tax Base | Amount |
|---|---|---|
| Vatable sales | ₱ 37,529,892 | ₱ 4,503,587 |
| Zero-rated sales | 15,641 | - |
| Total | ₱ 37,545,533 | ₱ 4,503,587 |

The Company's zero-rated sales were determined pursuant to Section 106 of the 1997 National Internal Revenue Code.

The outstanding vat payable amounting to ₱551,095 as of December 31, 2025 is presented as part of Other current liabilities in the statements of financial position (Note 12).

*(b) Input VAT*

| | Amount |
|---|---|
| Balance at beginning of year | ₱ - |
| Domestic purchases of goods other than Capital Goods | 223,236 |
| Domestic purchases of services | 537,820 |
| Applied against output VAT | (761,056) |
| Total | ₱ - |

*(c) Taxes and Licenses for 2025*

The details of Taxes and Licenses account are broken down as follows:

| | | Amount |
|---|---|---|
| Business permit | ₱ | 186,447 |
| Corporate taxes | | 19,075 |
| Insurance commission license fee | | 15,150 |
| Other local taxes | | 12,146 |
| Total | ₱ | 232,818 |

The amounts of taxes and licenses shown above were presented in the statements of comprehensive income as follows:

| | | Amount |
|---|---|---|
| Direct costs (Note 17) | ₱ | 37,371 |
| Operating expenses (Note 18) | | 195,447 |
| Total | ₱ | 232,818 |

*(d) Withholding Taxes for 2025*

Withholding taxes paid and accrued during the year is as follows:

| | | Amount |
|---|---|---|
| Withholding tax on compensation | ₱ | 665,288 |
| Withholding tax at source (expanded) | | 614,873 |
| Withholding tax at source (final) | | - |
| Total | ₱ | 1,280,161 |

*(e) Tax Assessments and Cases*

On June 24, 2024, the Company received Letter of Authority from the Bureau of Internal Revenue with serial number of eLA202300041570 for the examination of books of accounts and accounting records for all internal revenue taxes of the Company for the period January 1, 2023 to December 31, 2023. The tax case has been paid and closed as of September 10, 2024.

*(f) Related party transaction*

The Company is not covered under Section 2 of the Revenue Regulation 34-2020 requirements and procedures for related party transaction, including filing of BIR Form 1709, Information Return on its Transactions with Related Party.

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