

ARIANS
INSURANCE BROKER, INC.

Noel Tolete <noel.b.tolete@arians.ph>

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Transaction Code: **AFS-0-C6AA55F5031Y4V3YWMM1NTPZ0QS4WXRXX**Submission Date/Time: **May 14, 2026 11:28 AM**Company TIN: **009-518-571**

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SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.: CS201700608

Company Name: ARIANS INSURANCE BROKER, INC.

Industry Classification: J67030

Company Type: Stock Corporation

Document Information

Document ID: OST106032026811537976

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2025

Submission Type: Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 7 0 0 6 0 8

COMPANY NAME

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

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

U N I T 1 2 0 3 , 1 2 T H F L O O R , A L V E O P A R K
T R I A N G L E T O W E R , 1 1 T H A V E N U E
C O R N E R 3 2 N D S T R E E T B O N I F A C I O
G L O B A L C I T Y , T A G U I G C I T Y 1 6 3 5

Form Type

A A F S

Department requiring the report

C R M D

Secondary License type, If Applicable

COMPANY INFORMATION

Company's Email Address

chona.m.jacinto@arians.ph

Company's Telephone Numbers

816-3271

Mobile Number

N/A

No. of Stockholders

10

Annual Meeting (Month / Day)

Second Tuesday of May

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

The designated person **MUST** be an Officer of the Corporation

Name of Contact Person

Chona M. Jacinto

Email Address

chona.m.jacinto@arians.ph

Telephone Number/s

816-3163

Mobile Number

0920-9612383

CONTACT PERSON'S ADDRESS

19A San Francisco Street Kapitolyo Pasig City 1603

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

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

2025

AUDITED FINANCIAL STATEMENTS

ARIANS INSURANCE BROKER, INC.

December 31, 2025 and 2024

R. R. TAN AND ASSOCIATES
Certified Public Accountants



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

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

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

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

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

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


Chona M. Jacinto
President & Chairman of the Board


Romeo C. Diolata
Treasurer

Signed this 15th day of April 2026

PRC-BOA Reg. No. 0132, valid until August 13, 2027
BIR Accreditation No. 07-100995-003-2025, valid until September 1, 2028
SEC Accreditation No. 0132-SEC (Group A), valid to cover audit of
2025-2027 financial statements

Report of Independent Public Accountants

The Board of Directors and Stockholders
ARIANS INSURANCE BROKER, INC.
Unit 1203, 12th Floor, Alveo Park Triangle
11th Avenue corner 32nd Street
Bonifacio Global City
Taguig City 1635

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ARIANS INSURANCE BROKER, 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 a summary of material accounting policies.

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

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations (RR) 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of ARIANS INSURANCE BROKER, INC. taken as a whole. The supplementary information disclosed in Note 21 to the financial statements, is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R. R. TAN AND ASSOCIATES, CPAs

By: **DOMINGO A. DAZA, JR.**

Partner

CPA Certificate No. 109993

Tax Identification No. 203-917-449

PTR No. 3986699, January 12, 2026, Pasig City

BIR Accreditation No. 07-100997-003-2025, valid until September 1, 2028

PRC-BOA Reg. No. 0132/P-001 valid until August 13, 2027

SEC Accreditation No. 109993-SEC (Group A), valid to cover audit of
2025 financial statements

IC Accreditation No. IC EA-2025-0079-R (Group A), valid to cover audit of
2025 to 2027 financial statements

April 15, 2026
Pasig City

R. R. Tan & Associates, CPAs

Unit 1705, Antel Global Corporate Center, Doña Julia Vargas Avenue, Ortigas Center, Pasig City 1605

PRC-BOA Reg. No. 0132, valid until August 13, 2027
BIR Accreditation No. 07-100995-003-2025, valid until September 1, 2028
SEC Accreditation No. 0132-SEC (Group A), valid to cover audit of
2025-2027 financial statements

**Report of Independent Public Accountants to Accompany Financial Statements for filing
with Securities and Exchange Commission**

The Board of Directors and Stockholders
ARIANS INSURANCE BROKER, INC.
Unit 1203, 12th Floor, Alveo Park Triangle
11th Avenue corner 32nd Street
Bonifacio Global City
Taguig City 1635

We have audited the financial statements of **ARIANS INSURANCE BROKER, INC.** as
at and for the year ended December 31, 2025, on which we have rendered the attached
report dated April 15, 2026.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that
the said company has a total number of four (4) stockholders owning one hundred (100)
or more shares each.

R. R. TAN AND ASSOCIATES, CPAs

By:  **DOMINGO A. DAZA, JR.**

Partner

CPA Certificate No. 109993

Tax Identification No. 203-917-449

PTR No. 3986699, January 12, 2026, Pasig City

BIR Accreditation No. 07-100997-003-2025, valid until September 1, 2028

PRC-BOA Reg. No. 0132/P-001, valid until August 13, 2027

SEC Accreditation No. 109993-SEC (Group A), valid to cover audit of
2025 financial statements

IC Accreditation No. IC EA-2025-0079-R (Group A), valid to cover audit of
2025 to 2027 financial statements

April 15, 2026
Pasig City

ARIANS INSURANCE BROKER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

ASSETS	<i>Notes</i>	2025	2024
Current Assets			
Cash and cash equivalents			
Receivables	8 P	2,188,243 ^ P	4,269,886
Prepayments	9	20,574,203	25,748,859
Total Current Assets	10	13,149,708 ^	11,850,351
		35,912,154	41,869,096
Non-current Assets			
Property and equipment - net	11	5,580,257	8,090,527
Deferred tax assets	20	428,526	16,168
Other assets	12	436,000	539,200
Total Non-current Assets		6,444,783	8,645,895
TOTAL ASSETS	P	42,356,937 P	50,514,991
LIABILITIES AND EQUITY			
Current Liabilities			
Payable to insurance companies	13 P	15,857,913 P	22,028,520
Lease liabilities - current portion	19	1,315,830	1,169,722
Retirement benefit obligation	16	206,442	-
Other payables	14	1,429,606	1,300,075
Total Current Liabilities		18,809,791	24,498,317
Non-current Liabilities			
Lease liabilities - net of current portion	19	707,765	2,023,595
Total Non-current Liabilities		707,765	2,023,595
TOTAL LIABILITIES		19,517,556	26,521,912
Equity			
Share capital			
Contingency surplus	17	20,000,000	20,000,000
Deficit	17	13,854,644	10,347,723
Total Equity		(11,015,263)	(6,354,644)
TOTAL LIABILITIES AND EQUITY	P	42,356,937 P	50,514,991

See accompanying Notes to Financial Statements

ARIANS INSURANCE BROKER, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<i>Notes</i>	2025	2024
REVENUES			
Commission income from insurance companies	P	10,501,485	P 15,402,957
Other income	18	1,364,723	73,609
		11,866,208	15,476,566
COST AND EXPENSES			
Salaries and wages benefits		7,946,495	7,659,304
Service fee		3,044,176	3,816,715
Depreciation and amortization	11, 12	2,613,470	1,682,046 ✓
Transportation and travel expenses		749,279	874,968 ✓
Utilities		481,522	323,331 ✓
Taxes and licenses		427,785	251,377 ✓
Representation and entertainment		295,486	328,300 ✓
Association dues		262,500	314,300
Retirement expense	16	206,442	-
Interest expense	19	170,978	112,342
Insurance expense		140,479	160,797 ✓
Professional fees		115,000	104,500 ✓
Rental expenses	19	109,000	582,128
Office supplies		73,158	122,136
Repairs and maintenance		27,063	261,036 ✓
Advertising and promotions		4,392	42,692
Commission		-	1,800,990 ✓
Miscellaneous		187,060	332,246
		16,854,285	18,769,208
LOSS BEFORE INCOME TAX EXPENSE		(4,988,077)	(3,292,642)
INCOME TAX EXPENSE (BENEFIT)	20	(327,458)	176,583
NET LOSS FOR THE PERIOD		(4,660,619)	(3,469,225)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS	P	(4,660,619)	P (3,469,225)

See accompanying Notes to Financial Statements

ARIANS INSURANCE BROKER, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<i>Notes</i>	2025	2024
SHARE CAPITAL	17	P 20,000,000	P 20,000,000
CONTINGENCY SURPLUS			
Balance at January 1		10,347,723	5,351,000
Conversion during the year	<i>17</i>	-	1,996,723
Cash infusion	<i>17</i>	3,506,921	3,000,000
Balance at December 31		13,854,644	10,347,723
DEFICIT			
Balance at January 1		(6,354,644)	(2,885,419)
Net loss for the period		(4,660,619)	(3,469,225)
Balance at December 31		(11,015,263)	(6,354,644)
		P 22,839,381	P 23,993,079

See accompanying Notes to Financial Statements

ARIANS INSURANCE BROKER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax expense		P (4,988,077)	P (3,292,642)
Adjustments for:			
Depreciation and amortization	11, 12	2,613,470	1,682,046
Retirement expense	16	206,442	-
Interest expense	19	170,978	112,342
Gain on sale of property and equipment	18	(1,300,000)	(21,500)
Interest income	18	(35,988)	(5,623)
Operating Loss Before Working Capital Changes		(3,333,175)	(1,525,377)
(Increase) Decrease in Operating Assets:			
Receivables		5,174,656	14,294,821
Prepayments		(1,299,357)	(660,600)
Other assets		-	321,299
Increase (Decrease) in Operating Liabilities:			
Payable to insurance companies		(6,170,607)	(9,442,896)
Other payables		129,531	7,375
Cash (used in) generated from operations		(5,498,952)	2,994,622
Income taxes paid, including final taxes		(84,900)	(2,368,878)
Net Cash Provided by (Used in) Operating Activities		(5,583,852)	625,744
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	11	-	(3,144,340)
Proceeds from maturity of financial assets at amortized cost		-	2,000,000
Proceeds from sale of property and equipment	18	1,300,000	21,500
Interest received		35,988	5,623
Net Cash Provided by (Used in) Investing Activities		1,335,988	(1,117,217)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additions to contingency surplus	17	3,506,921	3,000,000
Payment of lease liabilities	19	(1,340,700)	(654,000)
Net Cash Provided by Financing Activities		2,166,221	2,346,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,081,643)	1,854,527
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,269,886	2,415,359
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 2,188,243	P 4,269,886

See accompanying Notes to Financial Statements

ARIANS INSURANCE BROKER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

1. Corporate Information

Arians Insurance Broker, Inc. (the Company) was incorporated and duly registered with the Philippine Securities and Exchange Commission (SEC) under Reg. No. CS201700608 on January 9, 2017. The principal activities of the Company are insurance brokerage and consultancy and management, among others. The Company is licensed by the Insurance Commission (IC) as a life and non-life insurance broker.

The Company's registered office address and principal place of business is at Unit 1203 12F Alveo Park Triangle Tower, 11th Avenue corner 32nd Street Bonifacio Global City, Taguig City 1635.

The accompanying financial statements were approved, and authorized for issuance by the Board of Directors on April 15, 2026.

2. Statement of Compliance and Basis of Preparation and Presentation

Statement of Compliance

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as set forth in Financial Reporting Standards Council (FRSC), Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC, including SEC pronouncements.

Basis of Financial Statements Preparation and Presentation

The financial statements have been prepared on the historical cost basis, except for financial asset at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements are presented in Philippine Peso, which is the Company's functional currency. All financial information presented in Philippine peso has been rounded to the nearest peso.

3. Changes in Accounting Policies and Disclosures

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

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS effective beginning January 1, 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

Amendments to PAS 1, 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. The amendments do not have a material impact on the Company's financial statements.

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2025

The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2025 are disclosed below. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on its financial position or performance.

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, Disclosure 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. The expected adoption will not materially affect 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. The expected adoption will not materially affect the Company.

Amendments to PFRS 9 and PFRS 7, Contracts Referencing Nature-dependent Electricity

The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions. The amendments clarify the application of the 'own-use' requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements. The expected adoption will not materially affect 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 1, *Hedge Accounting by a First-time Adopter*
The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.
- 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
 - a) *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.
 - b) *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'.

The expected adoption of these amendments will not materially affect the Company.

Effective beginning on or after January 1, 2027

PFRS 17, Insurance Contracts

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of the financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The key principles in PFRS 17 are that an entity:

- Identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- Divides the contracts into groups that it will recognize and measure;
- Recognizes and measures groups of insurance contracts at:
 - i. a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset); or
 - ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);
- Recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- Presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- Discloses information to enable users of the financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance, and cash flows of an entity.

On February 14, 2025, the FSRSC approved the amendment to PFRS 17, *Insurance Contracts* that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This is consistent with Circular Letter No. 2025-04 issued by the Insurance Commission dated March 10, 2025.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2027, with comparative figures required. Early application is permitted. The new standard is not applicable to the Company since it has no activities that are predominantly connected with insurance or issue insurance contracts.

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

The expected adoption of this standard will not materially affect the Company.

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. The application of the standard is optional for eligible entities.

The expected adoption of this standard will not materially affect the Company.

Amendment 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.

The expected adoption of this standard will not materially affect the Company.

Deferred effectivity

PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

These amendments are originally effective from annual periods beginning on or after January 1, 2016. This mandatory adoption date was later on deferred indefinitely pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the financial statements.

4. Summary of Material Accounting Policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Current Versus Non-Current Classification

The Company presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

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

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

Financial Instruments

Date of Recognition

Financial assets and financial liabilities are recognized in the statements of financial position of the Company when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of these financial instruments includes transaction costs.

Determination of Fair Value

The fair value for instruments traded in active market at the reporting date is based on their quoted market price. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable prices exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Company recognizes the difference between the transaction price and fair value in the statement of comprehensive income unless it qualifies for recognition as some other type of asset.

Offsetting of Financial Instruments

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

Classification and Measurement of Financial Assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Except for financial assets at FVPL, all financial assets are initially measured at fair value plus transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under PFRS 15.

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

- **Financial Assets at Amortized Cost**

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

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

The Company's financial assets at amortized cost includes cash and cash equivalents and receivables.

- Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

Equity instruments

Upon initial recognition, the company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under *PFRS 9 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Subsequent to initial recognition, financial assets at FVOCI are carried at fair value. Gains and losses on these financial assets are never recycled to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

As of December 31, 2025, and 2024, the Company has no financial instrument under this category.

Debt instruments

A debt financial asset is measured at FVOCI if both of the following conditions are met:

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

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in

other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

As of December 31, 2025, and 2024, the Company does not have debt instruments at FVOCI.

- Financial Assets at Fair Value through Profit or Loss (FVPL)

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

Financial assets at FVPL are subsequently carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. Dividends are also recognized as other income in the statement of profit or loss when the right of payment has been established.

As of December 31, 2025, and 2024, the Company does not have financial assets at FVPL.

Classification and Measurement of Financial Liabilities

Financial liabilities are measured at amortized cost, except for the following:

- (i) Financial liabilities measured at fair value through profit or loss;
- (ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the Company retains continuing involvement;
- (iii) Financial guarantee contracts;
- (iv) Commitments to provide a loan at a below-market interest rate; and
- (v) Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- (i) If a host contract contains one or more embedded derivatives; or
- (ii) If a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

As of December 31, 2025, and 2024, included in this category are the Company's accounts payable and accrued expenses, due to insurance companies and lease liabilities.

Reclassification of Financial Assets

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets:

- (i) from amortized cost to FVPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and,

- (ii) from FVPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Company's business model will be affected only at the beginning of the next reporting period following the change in the business model.

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The

Company has established probability of default rates for third party trade receivables based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company applies the historical credit loss method in case undue cost or effort is involved in calculating the ECL by considering the forward-looking factors. For inter-group trade receivables, the Company has established probability of default rates based on internal credit rating of the customers. Internal credit ratings are based on methodologies adopted by independent credit rating agencies. Therefore, the internal ratings already consider forward looking information.

The Company considers a financial asset to be in default when contractual payments are 180 days past due. However, the Company considers internal or external information when there are indicators that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of Financial Instruments

Financial Assets

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

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

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the

risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

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

Offsetting of Financial Assets and Liabilities

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

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, cash in bank, and demand deposits with original maturities of three months or less that are subject to insignificant risk of changes in value.

Premiums and Other Receivables

Receivables which are based on normal credit terms and do not bear interest are recognized and carried at original invoice amount. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest rate (EIR) method less any allowance for expected credit losses.

The Company recognizes an allowance for credit losses based on historical experience, aging of accounts, and other forward-looking information relevant to the recoverability of the receivables.

Prepaid VAT

Input VAT represents VAT imposed on the Company by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is stated at its estimated net realizable value.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statement of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Property and Equipment

Property and equipment are initially recognized at cost which comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Subsequent to initial recognition, the Company measures all items of property and equipment at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation or amortization of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal and other limits on the use of the assets.

Depreciation is computed on a straight-line method over the estimated useful lives of the depreciable assets as follows:

IT Equipment	3 years
Leasehold Improvements	5 years
Furniture and Fixtures	3 years
Transportation Equipment	5 years
Right-of-use Assets	3 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of Non-financial Assets

Prepayments and Other Current Assets

The Company provides allowance for impairment losses on nonfinancial prepayments and other current assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease prepayments and other current assets.

Property and Equipment

At the end of the reporting period, property and equipment 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 statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset or group of related assets in prior years. A reversal of an impairment loss is recognized immediately in the statements of comprehensive income.

Payable to Insurance Companies

Payable to insurance companies represents insurance premiums payable to insurance companies. These are recognized initially at transaction price and subsequently measured at amortized cost using EIR method.

Other Payables

Other payables and other liabilities are obligations on the basis of normal credit terms and do not bear interest. These are recognized initially at transaction price and subsequently measured at amortized cost using EIR method.

Share Capital

Common shares are classified as equity. Share capital is recognized when the shares are paid for or subscribed under a binding subscription agreement and is measured at par value.

Retained Earnings (Deficit)

Retained Earnings (Deficit) represents the cumulative balance of periodic net income and losses incurred prior period adjustments, effect of change in accounting policy and other capital adjustments.

Revenue Recognition

The Company recognizes revenue when it transfers control over a product or service to a customer. Revenue is measured at the transaction price which the entity expects to be entitled in exchange for a good or service. The following specific recognition criteria must also be met before revenue is recognized:

Commission Income

Commission income is recognized based on premium billings upon performance of service to the insured and upon issuance of policies by the insurer. Premiums due from the insured are collectible by the Company for the account of the insurers and are remitted to insurers within the credit terms.

Interest Income

Interest income from savings accounts and time deposit is recognized as interest accrues taking into account the effective yield on the related asset. Interest income presented in the statement of comprehensive income is gross of related final withholding taxes.

Other Income

Other income is recognized when the related services are performed. Other income are earnings generated outside the normal course of business.

Cost and Expense Recognition

Expenses are recognized in profit or loss when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of direct association between the cost incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Expenses in the statement of comprehensive income are presented using the nature of expense method.

Short-term Employee Benefits

Salaries and wages are recognized in profit or loss when the employees' services have been rendered to the Company.

Retirement Benefits

The Company provides retirement benefits to qualified employees in accordance with the provisions of Republic Act No. 7641 (The Philippine Retirement Pay Law). Eligible employees are entitled to retirement benefits equivalent to at least one-half month salary for every year of service, with a fraction of at least six months considered as one whole year, in accordance with the minimum statutory benefit requirement.

The retirement benefit obligation is accounted for as a defined benefit plan.

The liability recognized in the statement of financial position represents the present value of the defined benefit obligation as at the reporting date, determined by management using the Projected Unit Credit (PUC) method, as required under PAS 19. Under this method, each period of service gives rise to an additional unit of benefit entitlement, and each unit is measured separately to build up the final obligation.

In measuring the obligation, management applies actuarial assumptions and estimates, including discount rates, future salary increases, employee turnover, mortality, and retirement age, based on historical experience and current market conditions.

The retirement benefit expense recognized in profit or loss consists of:

- current service cost;
- net interest cost on the net defined benefit liability; and
- past service cost, when applicable.

Remeasurements, comprising actuarial gains and losses arising from changes in assumptions and experience adjustments, are recognized immediately in other comprehensive income and are not reclassified subsequently to profit or loss.

The benefit obligation is based on the minimum retirement benefit prescribed under RA 7641, equivalent to 22.5 days' pay for every year of credited service, computed using the employee's latest salary rate.

Other Employee Benefits

Other employee benefits include Social Security System, Philhealth and other contributions, 13th month pay and other incentives provided to employees. These are recognized in profit or loss when the employees' services have been rendered to the Company.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in PFRS 16.

As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset of the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company uses a number of practical expedients when applying PFRS 16 to leases previously classified as operating leases under PAS 17. In particular, the Company:

- Does not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months from the date of initial application;
- Excludes initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Uses hindsight when determining the lease term.

Short-term Leases and Leases of Low-value Assets

The Company has elected not to recognize right-of-use assets and lease liabilities for the leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Income Taxes

Current Income Tax

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

Deferred Income Tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is

probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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 end of the reporting period.

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

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded using the functional currency exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are restated using the closing functional currency exchange rate at end of the reporting period. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Foreign exchange gains or losses arising from foreign currency transactions and restatements are recognized in the statement of comprehensive income.

Related Party Transactions

Parties are considered 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. The related party transactions are recognized based on transfer of resources or obligations between related parties, regardless of whether a price is charged.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingencies

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

Events after the End of the Reporting Period

The Company identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

5. Summary of Significant Accounting Judgments and Estimates

The preparation of the financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments

about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments are made by management on the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgment

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

Determining Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso. The Philippine Peso is the currency in which funds from financing activities of the Company are generated and the currency in which payments for operations are usually made.

Determination of Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Classifying Lease Commitments - Company as a Lessee

The Company has entered into commercial property leases for its office. For the Company's non-cancellable lease, the Company recognizes Right-of-use (ROU) assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Company's incremental borrowing rate. The Company elected to use the exemption requirement of the standard. ROU assets, net, amounted to P1,867,487 and P3,112,479 as at December 31, 2025 and 2024, respectively. Lease liabilities amounted to P2,023,595 and P3,193,317 as at December 31, 2025 and 2024, respectively. (see Notes 11 and 19)

Asset Impairment

The Company reviews its financial assets at each financial reporting date to assess whether a provision for impairment should be recognized in its statement of comprehensive income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

The Company also assesses the impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Management believes that there was no indication of impairment on the Company's financial and nonfinancial assets in 2025 and 2024. Accordingly, no impairment loss was recognized.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation of uncertainty at the financial reporting date, that have significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Estimating Allowance for Expected Credit Losses on Receivables

Estimating the allowance for expected credit losses (ECL) on receivables requires significant judgment. The Company estimates receivables individually when there is information indicating that certain customers may be unable to meet their financial obligations. In assessing collectability, the Company considers all relevant and supportable information available at the reporting date, including the length of its relationship with customers, customers' credit status, historical loss experience, and forward-looking information. The resulting allowance is recognized in profit or loss and is measured at each reporting date, with adjustments made as new information becomes available.

Based on management's assessment of expected credit losses on receivables, no allowance was recognized as at December 31, 2025 and 2024 as the amounts are considered fully collectible. The carrying amounts of receivables as at December 31, 2025 and 2024 were P20,574,203 and P25,748,859, respectively. (See Note 9)

Estimating Allowance for Impairment Losses on Prepayments and Other Current Assets

The Company provides allowance for impairment losses on prepayments and other current assets when it can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates.

No impairment losses on prepayments were recognized in 2025 and 2024. The carrying amounts of prepayments as at December 31, 2025 and 2024 were P13,149,708 and P11,850,351, respectively. (see Note 10)

Estimating Useful Lives of Property and Equipment

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

Estimating allowance for Impairment Losses on Property and Equipment

An impairment review is performed when events or changes in circumstances indicate that the carrying amount of property and equipment may not be recoverable. The factors that the Company considered important which could trigger an impairment review include significant underperformance relative to expected historical or projected future operating results and significant changes in the manner and use of the acquired assets or the strategy for overall business. Management has determined that there are no events or changes in circumstances in 2025 and 2024 that may indicate that the carrying amount of property and equipment may not be recoverable.

No provision for impairment loss on property and equipment was recognized in 2025 and 2024. As at December 31, 2025 and 2024, the carrying amount of property and equipment amounted to P5,580,257 and P8,090,527 respectively. (see Note 11)

Recognition of deferred tax asset

Management's assessment on the recognition of deferred tax assets is based on the projected taxable income in the following periods. As of December 31, 2025, and 2024, the Company recognized deferred tax assets amounting to P428,526 and P16,168, respectively, as management believes that sufficient future taxable income will be available against which the deferred tax assets can be utilized. (see Note 20)

Estimating retirement benefit obligation

The present value of defined benefit obligation is determined using the Projected Unit Credit (PUC) method in accordance with PAS 19, Employee Benefits. Due to the limited number of covered employee, management applied a simplified valuation approach, which it believes is appropriate under the circumstances.

In measuring the retirement benefit obligation, management primarily considers the discount rate, which are used to determine the present value of the estimated future retirement benefits.

Management assessed that the impact of other actuarial assumptions, such as future salary increase, employee turnover, mortality, and retirement age, is not material to the financial statements, considering the size of the workforce and the nature of the statutory benefit.

Changes in key assumptions, particularly the discount rate, may materially affect the recognized defined benefit obligation and the related retirement benefit expense. Accordingly, actual results may differ from the estimates used, and such differences are recognized in the period in which they arise.

As at December 31, 2025, retirement benefit obligation amounted to P206,442. (see Note 16)

6. Fair Value Measurement

The fair value for assets and liabilities traded in active market at the reporting date is based on their quoted market price. For all other assets and liabilities not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable prices exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Company recognizes the difference between the transaction price and fair value in the statements of income unless it qualifies for recognition as some other type of asset.

Assets and liabilities measured at fair value are categorized in a manner discussed in Note 5.

The following table presents the fair value and the fair value hierarchy of the Company's financial assets and liabilities as of December 31, 2025 and 2024.

	Carrying amount/ Fair Value	Quoted price		Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 2	Level 3
2025					
Financial Assets:					
Cash and cash equivalents	P 2,188,243	P -	P 2,188,243	P -	-
Receivables	20,574,203	-	20,574,203	-	-
	P 22,762,446	P -	P 22,762,446	P -	-
Financial Liabilities:					
Payable to insurance companies	P 15,857,913	P -	P 15,857,913	P -	-
Other payables	1,429,606	-	1,429,606	-	-
Finance lease liabilities	2,023,595	-	2,023,595	-	-
	P 19,311,114	P -	P 19,311,114	P -	-
2024					
Financial Assets:					
Cash and cash equivalents	P 4,269,886	P -	P 4,269,886	P -	-
Receivables	25,748,859	-	25,748,859	-	-
	P 30,018,745	P -	P 30,018,745	P -	-
Financial Liabilities:					
Payable to insurance companies	P 22,028,520	P -	P 22,028,520	P -	-
Other payables	1,300,075	-	1,300,075	-	-
Finance lease liabilities	3,193,317	-	3,193,317	-	-
	P 26,521,912	P -	P 26,521,912	P -	-

Due to the short-term nature of the transactions, the carrying amounts of cash and cash equivalents, receivables, payable to insurance companies, lease liabilities, and other payables, approximate their fair values.

7. Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of risks, which include credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the President under policies approved by the Board of Directors (BOD).

Credit Risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial position (or in the detailed

analysis provided in the notes to the financial statements). These financial assets are not supported by collateral from the counterparties.

The following table provides the credit quality per class of the Company's financial assets as of December 31, 2025 and 2024:

	December 31, 2025					
	Neither Past Due Nor Impaired	Past Due But Not Impaired			Total	
		- High Grade	31 to 60 days	61 to 90 days		91 to 120 days
Cash and cash equivalents*	P 2,178,243	P -	P -	P -	P -	P 2,178,243
Receivables	20,574,203	-	-	-	-	20,574,203
Total	P 22,752,446	P -	P -	P -	P -	P 22,752,446

*Excluding cash on hand of P10,000

	December 31, 2024					
	Neither Past Due Nor Impaired	Past Due But Not Impaired			Total	
		- High Grade	31 to 60 days	61 to 90 days		91 to 120 days
Cash and cash equivalents*	P 4,259,886	P -	P -	P -	P -	P 4,259,886
Receivables	25,748,859	-	-	-	-	25,748,859
Total	P 30,008,745	P -	P -	P -	P -	P 30,008,745

*Excluding cash on hand of P10,000

As of December 31, 2025, and 2024, all of the Company's financial assets are considered to be of high-grade quality. High grade receivables consist of receivables from customers and other parties with good credit standing with the Company and with a history of no or little delay in payments.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

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

2025	Due on demand	Not later than one month	Later than 1 month & not later than 3 months	Later than 3 months & not later than 1 year	Later than one year	Total
Payable to insurance companies	P 15,857,913	P -	P -	P -	P -	P 15,857,913
Other payables	1,429,604	-	-	-	-	1,429,604
Lease liabilities	-	103,657	208,976	1,003,196	707,765	2,023,594
	P 17,287,517	P 103,657	P 208,976	P 1,003,196	P 707,765	P 19,311,111

2024	Due on demand	Not later than one month	Later than 1 month & not later than 3 months	Later than 3 months & not later than 1 year	No fixed term	Total
Payable to insurance companies	P 22,028,520	P -	P -	P -	P -	P 22,028,520
Other payables	1,300,075	-	-	-	-	1,300,075
Lease liabilities	-	91,969	185,412	892,341	2,023,595	3,193,317
	P 23,328,595	P 91,969	P 185,412	P 892,341	P 2,023,595	P 26,521,912

8. Cash and Cash Equivalents

The composition of this account as at December 31, 2025 and 2024 is as follows:

	2025		2024	
Cash on hand	P	10,000	P	10,000
Cash in banks		2,178,243		4,259,886
	P	2,188,243	P	4,269,886

Cash in banks earn interest at the respective bank interest rates. Time deposits are demand deposits with original maturities of three months or less that are subject to insignificant risk of

changes in value. Time deposits earn interest at 0.25% per annum as of December 31, 2025 and 2024.

Included in cash in banks as at December 31, 2025 and 2024 are the insurance company clients' money amounting to P751,269 and P515,507, respectively. The Company's management maintains a separate file to monitor the movement of client's money account.

Total interest earned from these investments for the years ended December 31, 2025 and 2024 amounted to P35,988 and P2,845, respectively. (see Note 18)

9. Receivables

This account as at December 31, 2025 and 2024 consist of:

		2025		2024
Receivable from insurance companies' clients	P	17,802,489	P	25,250,854
Advances to officers and employees		2,704,388		-
Commission receivable from insurance companies		44,861		278,296
Others		22,465		219,709
	P	20,574,203	P	25,748,859

Receivable from insurance companies' clients pertain to the premiums due from policyholders. Collections from such are then remitted to the insurance companies.

Advances to officers and employees represent loan granted by the company to its officers and employees for various purposes. These are non-interest bearing, unsecured, and collectible through salary deductions or direct repayment arrangements within agreed terms.

Commission receivable from insurance companies represents commissions accrued but not yet received from insurance companies, as a result of insurance transaction. Commission receivables are generally collectible within 90 days and are non-interest bearing.

10. Prepayments

Prepayments represent creditable withholding tax (CWT) arising from income payments subject to withholding tax at source. These creditable withholding taxes may be applied against future income tax liabilities of the Company. Prepayments amounted to P13,149,708 and P11,850,350 as at December 31, 2025 and 2024, respectively.

As at December 31, 2025 and 2024, management believes that the recoverable amounts of prepayments are equal to their carrying amounts.

11. Property and Equipment

Movements in the carrying amounts of the Company's property and equipment are as follows:

2025							Right-of-use	Total
	IT Equipment	Leasehold Improvements	Furniture and Fixtures	Transportation Equipment	Asset (Note 20)			
Cost								
January 1	P 207,601	P 5,327,705	P 664,598	P 3,200,000	P 3,734,975		P13,134,879	
Disposal	-	-	-	(3,200,000)	-		(3,200,000)	
December 31	207,601	5,327,705	664,598	-	3,734,975		9,934,879	
Accumulated depreciation								
January 1	198,793	799,156	223,907	3,200,000	622,496		5,044,352	
Depreciation	3,987	1,065,541	195,750	-	1,244,992		2,510,270	
Disposal	-	-	-	(3,200,000)	-		(3,200,000)	
December 31	202,780	1,864,697	419,657	-	1,867,488		4,354,622	
Net carrying amount	P 4,821	P 3,463,008	P 244,941	P -	P 1,867,487		P 5,580,257	

2024	IT Equipment	Leasehold Improvements	Furniture and Fixtures	Transportation Equipment	Right-of-use Asset (Note 20)	Total
Cost						
January 1	P 198,929	P 5,279,790	P 84,345	P 3,200,000	P -	P 8,763,064
Additions	8,672	2,548,415	587,253	-	3,734,975	6,879,315
Derecognition	-	(2,500,500)	(7,000)	-	-	(2,507,500)
December 31	207,601	5,327,705	664,598	3,200,000	3,734,975	13,134,879
Accumulated depreciation						
January 1	190,520	2,500,500	81,985	3,200,000	-	5,973,005
Depreciation	8,273	799,156	148,922	-	622,496	1,578,847
Derecognition	-	(2,500,500)	(7,000)	-	-	(2,507,500)
December 31	198,793	799,156	223,907	3,200,000	622,496	5,044,352
Net carrying amount	P 8,808	P 4,528,549	P 440,691	P -	P 3,112,479	P 8,090,527

12. Other Assets

As at December 31, 2025 and 2024, this account consists of:

	2025	2024
Deposits	P 218,000	P 218,000
Advance rent	218,000	218,000
Software - net	-	103,200
	P 436,000	P 539,200

Deposits represent security deposits for the lease of the Company's office space and parking lot equivalent to two (2) months' rent. These shall serve as a guarantee for the Company's faithful performance of the provisions of the contract of lease.

Advance rent represents two (2) months' rent paid in advance to the lessor applicable to the last two months of the lease term.

Software pertains to the custom-built insurance system implemented in accordance with the specifications described in the agreement. Details of which are as follows:

	2025	2024
Cost		
January 1	P 309,598	P 309,598
Additions	-	-
December 31	309,598	309,598
Accumulated amortization		
January 1	206,398	103,199
Amortization	103,200	103,199
December 31	309,598	206,398
Net carrying value	P -	P 103,200

13. Payable to Insurance Companies

Movements of this account as of December 31, 2025 and 2024 are as follows:

	2025	2024
Balance, January 1	P 22,028,520	P 31,471,415
Additions	64,511,226	81,100,331
Remittances	(70,681,833)	(90,543,226)
Balance, December 31	P 15,857,913	P 22,028,520

Payable to insurance companies pertains to insurance premiums collectible from the policy holders, recorded as part of Receivables, which will be remitted to the insurance companies, net

of the Company's commission, within 30 days from the date of collection. No interest is charged on the outstanding balances of due to insurance companies.

14. Other Payables

As at December 31, 2025 and 2024, this account consists of:

		2025		2024
Government payables	P	434,571	P	693,950
Accrued expenses		302,525		207,000
Other payables		692,510		399,125
	P	1,429,606	P	1,300,075

Government payables pertain to vat payable and salary-rated remittances payable to government that are due within thirty (30) days.

Accrued expenses pertain to accruals for audit fee, transportation and communications, which are normally settled within 30 days after the end of the month.

Other payables pertain to customer deposit payable, other accounts payable, and commission payable to sub-agent.

15. Related Party Transactions

Parties are considered to be related if one party has the ability to directly, indirectly, control, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant stakeholders, and/or their close family members) or other entities and include entities that are under the significant influence of related parties of the Company where those parties are individuals or any entities that is a related party of the Company. Related party transactions are generally settled in cash unless otherwise indicated.

The Company's significant transactions and outstanding balances with related parties as at December 31, 2025 and 2024 and for the years then ended are as follows:

Financial Statement Account	Terms and Conditions	Amount		Outstanding Balance	
		2025	2024	2025	2024
Key Management Advances from stockholders	No fixed repayment date; Non-interest bearing; unsecured	-	1,996,723	-	-

- a. In the normal course of business, the Company obtains cash advances from stockholders for working capital requirements.

In 2024, the Company converts advances from stockholders amounting to P1,996,723 into contingency surplus. The same is a non-cash financing activity and therefore excluded in the statement of cash flows for the year ended December 31, 2024.

- b. Total compensation paid to key management personnel shown as part of Salaries and Wages amounted to P2,020,639 and P2,020,639 in 2025 and 2024, respectively.

16. Retirement Benefit Obligation

The Company recognizes retirement benefits in accordance with Republic Act No. 7641 (The Philippine Retirement Pay Law) and PAS 19, Employee Benefits.

Under RA 7641, qualified employees are entitled to retirement benefits equivalent to at least one-half (1/2) month salary for every year of service, subject to the conditions prescribed by law.

During the current year, the Company recognized its retirement liability for the first time based on management's assessment of the estimated retirement obligation for qualified employees as of December 31, 2025.

Accordingly, the Company recognized retirement benefit expense amounting to P206,442 in profit or loss, with a corresponding retirement liability of the same amount presented in the statement of financial position as of year-end.

17. Equity

Share Capital

The Company's Share Capital as at December 31, 2025 and 2024 consist of:

	Shares		Amount
Authorized - P100 par value	500,000	P	50,000,000
Issued and outstanding	200,000		20,000,000

Contingency Surplus

This represents the contribution of shareholders to cover capital impairment and net worth deficiency.

In 2025, the shareholders infused additional cash amounting to P3,506,921 into the contingency surplus.

In 2024, the Company converted shareholders' advances amounting to P1,996,723 to contingency surplus. In addition, shareholders made a cash infusion of P3,000,000, which was likewise credited to contingency surplus, for the purpose of increasing the Company's net worth.

As at December 31, 2025 and 2024, contingency surplus amounted to P13,854,644 and P10,347,723, respectively.

Capital Risk Management

The Company manages its capital structure to ensure that the Company will be able to maintain a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The capital structure of the Company consists of share capital, contingency surplus and retained earnings (deficit). Contingency surplus pertains to capital infused by the Company's shareholders as a result of the deficit from the net operating losses in prior years called upon in order to meet the capitalization requirements of the Insurance Commission.

Under existing requirements of Insurance Commission (IC) particularly under Circular Letter (CL) No. 2023-02 which prescribes the capitalization requirements for insurance brokers engaged in Health Maintenance Organization (HMO) business, the company is required to maintain a minimum net worth of P25,000,000, computed as the total assets net of the total liabilities of an insurance broker. As at December 31, 2025 and 2024, the Company's net worth amounted to P22,839,381 and P23,993,079, respectively.

There were no changes in the Company's approach to capital risk management during the year.

Fiduciary Ratio

The Company is required to comply with the fiduciary ratio requirement per IC CL No. 2021-65. The fiduciary ratio is a measure to assess the Company's conduct of handling premiums from the policyholder, given that a broker is expected to be acting on a fiduciary capacity.

The fiduciary ratio is computed by dividing the total fiduciary assets by the total fiduciary liabilities. Fiduciary assets include Client's Money and Receivable from Insurance Companies' Clients. Fiduciary liabilities include Payable to Insurance Companies. The fiduciary ratio to be maintained shall be 1:1. Amounts used are gross of the commissions, allowances for impairment, taxes, fees and other charges. The fiduciary assets and liabilities used are in accordance with IC CL No. 2021-69 or the Revised Standard Chart of Accounts for Insurance and or Reinsurance Brokers.

Fiduciary Transaction Model

The Company uses the Credit Agreement Model. A credit agreement is a type of transaction wherein an insurance and/or reinsurance broker (1) collects premiums receivable from clients/insurers and remits to insurance/reinsurance companies, (2) remits claim payments to claimants/cedants on behalf of the insurance/reinsurance company or (3) other credit agreement.

Fiduciary Ratio Computation

As of December 31, 2025, and 2024, the Company's fiduciary ratio is computed as follows:

	2025		2024
Fiduciary assets			
Insurance companies clients' money	P 751,269	P	515,507
Receivable from insurance companies' clients	17,802,489		25,250,854
	18,553,758		25,766,361
Divided by:			
Fiduciary liabilities			
Payable to insurance companies	15,857,913		22,028,520
	1.17:1		1.17:1

Based on the foregoing computation, the Company is in compliance with the fiduciary ratio requirement of the Insurance Commission under Circular Letter No. 2021-65.

18. Other Income

The Company's other income for the years ended December 31, 2025 and 2024 consists of:

	2025		2024
Interest income from:			
Cash and cash equivalents (Note 8)	P 35,988	P	2,845
Long-term time deposit	-		2,778
Gain on sale of property and equipment	1,300,000		21,500
Others	28,735		46,486
	P 1,364,723	P	73,609

Restatement

Profit commission amounting to P410,337 in 2024 as previously reported under "Others" was reclassified to commission income from insurance companies to conform to 2025 presentation.

19. Lease Agreements

The Company is party to a lease contract. The subject of the lease contract is an office space with a total area of 100 square meters and one (1) parking slot. The renewed contract has a term of three (3) years beginning on July 01, 2024 and ending on July 01, 2027.

a. Right-of-use asset

In accordance with PFRS 16, right-of-use-asset amounting to P3,734,975 was recognized, equivalent to the present value of future cash outflows over the lease term. (see Note 11)

b. Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movement during the period:

	2025		2024	
Balance at January 1	P	3,193,317	P	-
Additions		-		3,734,975
Interest charge for the year		170,978		112,342
Payments made		(1,340,700)		(654,000)
		2,023,595		3,193,317
Less: Non-current portion		707,765		2,023,595
Current portion	P	1,315,830	P	1,169,722

c. Amounts recognized in statements of comprehensive income

Set out below, are the amounts recognized in the statements of comprehensive income:

Leases under PFRS 16	2025		2024	
Interest on lease liability	P	170,978	P	112,342
Depreciation expense		1,244,992		622,496
Rent expense relating to short-term leases		295,486		582,128
	P	1,711,456	P	1,316,966

20. Income Taxes

a. The Company's provision for income tax expense for the years ended December 31, 2025 and 2024 are broken down as follows:

	2025		2024	
Current				
RCIT/ MCIT	P	77,675	P	191,626
Final		7,225		1,125
Deferred		(412,358)		(16,168)
	P	(327,458)	P	176,583

- b. The reconciliation between the provision for income tax at statutory rates and the provision for income tax as shown in the statement of comprehensive income in 2025 and 2024 is as follow:

		2025		2024
Statutory income tax	P	(997,615)	P	(658,528)
Add (deduct) adjustments for:				
Non-deductible expense		670,157		835,111
	P	(327,458)	P	176,583

Components of deferred tax asset recognized in the statements of financial position pertains to the following:

		2025		2024
NOLCO	P	278,341	P	-
MCIT		77,675		-
Retirement liability		41,288		-
Leases		31,222		16,168
	P	428,526	P	16,168

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On February 1, 2021, the Bicameral Conference Committee, approved the House Bill No. 4157 and Senate Bill No.1357 (the CREATE) which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted and performance-based. CREATE pursues to dynamically fight the effects of COVID-19 and help businesses to recover as quickly as possible.

Under the CREATE Act, the Income tax rate was reduced to the following rates effective July 1, 2020:

- Those with assets amounting to P100 million and below, and with taxable income equivalent to P5 million and below will be subjected to a 20% tax rate.
- Those with assets above P100 million or those with taxable income amounting to more than P5 million will be subjected to a 25% tax rate.

21. Supplementary Information Required under Revenue Regulations 15-2010

The Bureau of Internal Revenue (BIR) issued Revenue Regulations 15-2010 which requires additional tax information to be disclosed in the notes to financial statements. The following information covering the calendar year ended December 31, 2025 is presented in compliance thereto.

- VAT output tax declared in the Company's VAT returns amounting to P1,457,944 relates to commission income amounting to P12,149,536.
- The Vat input tax claimed is broken down as follows:

Balance at the beginning of year	P	-
Current year's purchases/payments for:		
Domestic purchases		211,885
Claims for tax credit and other adjustments		(211,885)
Balance at the end of year	P	-

- The breakdown of withholding taxes paid and accrued for the year are as follows:

		Paid		Accrued		Total
Tax on compensation and benefits	P	938,211	P	94,481	P	1,032,692
Creditable withholding tax		60,463		36,615		97,078
	P	998,674	P	131,096	P	1,129,770

- As of December 31, 2025, the Company has no pending tax cases within and outside the administration of the Bureau of Internal Revenue.
- Taxes and licenses presented in the Company's statement of comprehensive income is broken down as follows:

Local government tax	P	204,885
HMO Licenses		90,000
Non-life licenses		90,000
Supervision fee		25,250
IC annual filing fee		15,150
NPC registration		2,500
	P	427,785

ARIANS INSURANCE BROKER, INC.
Supplementary Schedule of External Auditor Fee-Related Information
For the Years Ended December 31, 2025 and 2024

	2025	2024
Total Audit Fees	P 115,000	104,500
Non-audit services fee		
Other assurance service	-	-
Tax service	-	-
All other service	-	-
Total Non-Audit Fee	-	-
Total Audit and Non-audit Fees	P 115,000	P 104,500
 Audit and Non-audit fees of other related entities	2025	2024
Audit fees		
Non-audit services fees	P -	P -
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of other related entities	P -	P -