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Company Information

SEC Registration No.: CS200629755
Company Name: PNX-UDENNA INSURANCE BROKERS, INC.
Industry Classification: J67010
Company Type: Stock Corporation

Document Information

Document ID: OST105262026811488101
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

CS200629755

Company Name

PNX-UDENNA INSURANCE BROKERS, INC.

Principal Office (No./Street/Barangay/City/Town/Province)

STELLA HIZON REYES ROAD, BO. PAMPANGA DAVAO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
dina.sanjuan@chelseashipping.ph	N/A	(0917)5332010

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
(6) SIX	Last Monday of March	December 31

CONTACT PERSON INFORMATION

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

Name of the Contact Person	Email Address	Telephone Number	Mobile Number
IGNACIA S. BRAGA IV	igna.braga@udenna.ph	(082)2992603	N/A

Contact Person's Address

B5 LOT 16 P4, Coral Tree Drive, Woodridge Park Subdivision, Maa, Davao City

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

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

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INSURANCE BROKERS, INC

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **PNX-UDENNA INSURANCE BROKERS, INC.** is responsible for the preparation and fair presentation of financial statements, including the schedules attached therein, as of and 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.

RAMON F. GARCIA AND CO., CPAs, the independent auditor and appointed by the stockholders and has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

DENNIS A. UY
Chairman of the Board

ERNESTO N. ORTONIO, JR.
President

CHERYLYN C. UY
Corporate Treasurer

Signed this 5th day of May, 2026

Ramon F. Garcia & Company CPAs
30F Burgundy Corporate Tower,
252 Sen. Gil Puyat Ave., Makati City
Telephone No. +632 8821 05 63
www.crowe.ph

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Stockholders and Board of Directors
PNX-UDENNA INSURANCE BROKERS, INC.
Bays 5 & 6, 6/F, Bormaheco Bldg.,
J.P. Laurel Avenue, Davao City

We have audited the financial statements of **PNX-UDENNA INSURANCE BROKERS, INC.** for the year ended December 31, 2025, on which we have rendered the attached report dated May 5, 2026.

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

RAMON F. GARCIA AND COMPANY, CPAs
TIN: 000-666-059-000
By:

LILIBETH I. SAMONTE
Partner
CPA Certificate No. 70286
PTR No.10801792, February 01, 2026, Makati City
TIN 131-259-766-000
BOA/PRC Accreditation No. 0207, valid from October 6, 2025 to October 5, 2028

May 5, 2026

Crowe

Ramon F. Garcia & Company CPAs
30F Burgundy Corporate Tower,
252 Sen. Gil Puyat Ave., Makati City
Telephone No. +632 8821 05 63
www.crowe.ph

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors
PNX-UDENNA INSURANCE BROKERS, INC.
Bays 5 & 6, 6/F, Bormaheco Bldg.,
J.P. Laurel Avenue, Davao City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **PNX-UDENNA INSURANCE BROKERS, INC.** 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 positions of **PNX-UDENNA INSURANCE BROKERS, INC.** as at December 31, 2025 and 2024, and its financial performances and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 required by the Insurance Commission under Circular No. 2021-65, as amended by CL No. 2023-02, and by the Bureau of Internal Revenue under Revenue Regulations No. 15-2010 as disclosed in Notes 22 and 23, respectively, to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

RAMON F. GARCIA AND COMPANY, CPAs
TIN: 000-666-059-000
By:

LILIBETH I. SAMONTE
Partner
CPA Certificate No. 70286
PTR No. 10801792, February 01, 2026, Makati City
TIN 131-259-766-000
BOA/PRC Accreditation No. 0207, valid from October 6, 2025 to October 5, 2028
Partner's BIR Accreditation No. 08-001759-004-2026 (March 31, 2026 to March 30, 2029)
Firm's BIR Accreditation No. 08-001759-000-2026 (March 31, 2026 to March 30, 2029)

May 5, 2026

Ramon F. Garcia & Company CPAs
30F Burgundy Corporate Tower,
252 Sen. Gil Puyat Ave., Makati City
Telephone No. +632 8821 05 63
www.crowe.ph

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

To the Stockholders and Board of Directors
PNX-UDENNA INSURANCE BROKERS, INC.
Bays 5 & 6, 6/F, Bormaheco Bldg.,
J.P. Laurel Avenue, Davao City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **PNX-UDENNA INSURANCE BROKERS, INC.** as for the year ended December 31, 2025 and issued our report thereon dated May 5, 2026. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplementary schedule presented as *Annex 1 – Reconciliation of Retained Earnings Available for Dividend Declaration* to the Financial Statements is the responsibility of the Company's management. The schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

RAMON F. GARCIA AND COMPANY, CPAs
TIN: 000-666-059-000
By:

LILIBETH I. SAMONTE
Partner
CPA Certificate No. 70286
PTR No. 10801792, February 01, 2026, Makati City
TIN 131-259-766-000
BOA/PRC Accreditation No. 0207, valid from October 6, 2025 to October 5, 2028

May 5, 2026

PNX-Udenna Insurance Brokers, Inc
(A Wholly Owned Subsidiary of Udenna Management & Resources Corp.)
Statements of Financial Position
As of December 31, 2025 and 2024
(in Philippine Peso)

ASSETS	Notes	2025	2024
Current assets			
Cash and cash equivalents	2c,4,18,19,20	**75,630,413**	74,226,229
Trade and other receivables	2c,5,18,19,20	**4,411,073**	7,296,596
Prepayments and other assets	2d,3.2c,6	**6,301,408**	4,934,114
Total		**86,342,894**	86,456,939
Non-current Assets			
Property and equipment - net	2e,3.2b,3.2c,7	**1,630,738**	2,602,551
Right-of-use of assets - net	3.2c,8	**1,933,925**	2,443,972
Security deposits	2c,5,18,19,20	**106,115**	97,493
Deferred tax assets	2o,3.2c,17	**4,395,037**	3,262,981
Total		**8,065,815**	8,406,997
TOTAL ASSETS		**94,408,709**	94,863,936

LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Accrued and other payables	2c,2g,2h,9,18,19,20	**4,435,508**	5,611,164
Dividend payable	2c,11,18,19,20	**8,000,000**	10,000,000
Borrowings	2c,2j,10,18,19,20	**-**	447,203
Lease liability	2c,2n,8,16,18,19,20	**609,724**	525,663
Total		**13,045,232**	16,584,030
Non-current liabilities			
Lease liability	2c,2n,8,18,19,20	**2,031,593**	2,641,317
Retirement benefit obligations	2i,3.2d	**16,761,964**	12,233,741
Total		**18,793,557**	14,875,058
TOTAL LIABILITIES		**31,838,789**	31,459,088
EQUITY			
Share capital	2p,11,20	**20,000,000**	20,000,000
Revaluation reserves	2p,11	**(7,982,765)**	(5,970,414)
Accumulated profits	2p	**50,552,685**	49,375,262
TOTAL EQUITY		**62,569,920**	63,404,848
TOTAL LIABILITIES AND EQUITY		**94,408,709**	94,863,936

(see accompanying notes to financial statements)

PNX-Udenna Insurance Brokers, Inc
(A Wholly Owned Subsidiary of Udenna Management & Resources Corp.)
Statements of Comprehensive Income
For the years ended December 31, 2025 and 2024
(in Philippine Peso)

	Notes	2025	2024
Revenue	2l	**31,080,847**	28,950,720
Cost of services	2m,12	**(3,125,048)**	(3,320,679)
Gross income		**27,955,799**	25,630,041
Operating expenses	2m,13	**(17,862,055)**	(19,149,660)
Operating income		**10,093,744**	6,480,381
Other income - net	2l,14	**2,187,162**	2,461,306
Profit before tax		**12,280,906**	8,941,687
Income tax			
Current	2o,17	**(3,564,755)**	(2,560,713)
Deferred	2o,17	**461,272**	290,928
		(3,103,483)	(2,269,785)
Profit for the period		**9,177,423**	6,671,902
Other comprehensive loss			
Remeasurement of post-employment benefit obligation	16	**(2,683,135)**	(6,659,277)
Tax benefit	16	**(670,784)**	(1,664,819)
Total		**(2,012,351)**	(4,994,458)
TOTAL COMPREHENSIVE INCOME		**7,165,072**	1,677,444

(see accompanying notes to financial statements)

PNX-Udenna Insurance Brokers, Inc
(A Wholly Owned Subsidiary of Udenna Management & Resources Corp.)
Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(in Philippine Peso)

	Notes	Share capital	Revaluation reserves	Accumulated profits Appropriated	Accumulated profits Unappropriated	Total equity
Balances at January 1, 2024	2p,11,20	**20,000,000**	**(975,957)**	**28,500,000**	**32,203,361**	**79,727,404**
Reversal of appropriated retained earnings	11.2			(28,500,000)	28,500,000	-
Appropriation for regulatory compliance	11.2	-	-	38,500,000	(38,500,000)	-
Cash dividend declared	11.4a,11.4b	-	-	-	(18,000,000)	(18,000,000)
Total comprehensive income		-	(4,994,458)	-	6,671,902	1,677,444
Balances at December 31, 2024	2p,11,20	**20,000,000**	**(5,970,415)**	**38,500,000**	**10,875,263**	**63,404,848**
Cash dividend declared	11.4c,11.4d	-	-	-	(8,000,000)	(8,000,000)
Total comprehensive income		-	(2,012,351)	-	9,177,423	7,165,072
Balances at December 31, 2025	2p,11,20	**20,000,000**	**(7,982,766)**	**38,500,000**	**12,052,686**	**62,569,920**

(see accompanying notes to financial statements)

PNX-Udenna Insurance Brokers, Inc
(A Wholly Owned Subsidiary of Udenna Management & Resources Corp.)
Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(in Philippine Peso)

	Notes	**2025**	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax	17	**12,280,906**	8,941,687
Adjustments to reconcile income for the period to net cash provided by operating activities:			
Interest income	4,14	**(2,918,460)**	(2,693,203)
Interest income on amortization of security deposit	14	**(8,622)**	(7,922)
Foreign currency losses (gains) - net	14	**(122,517)**	(137,764)
Retirement expense	13,16	**1,845,089**	1,163,710
Finance cost	14	**261,841**	377,583
Depreciation and amortization expense	7,8,13	**1,575,785**	1,657,414
OPERATING INCOME BEFORE WORKING CAPITAL CHANGES		**12,914,022**	9,301,505
Decrease (Increase) in current assets			
Trade and other receivables	5	**2,876,900**	13,454,779
Prepayments and other assets	6	**(1,367,294)**	(4,143,127)
Increase (Decrease) in current liabilities			
Trade and other payable	9	**(1,175,656)**	333,693
CASH PROVIDED BY OPERATING ACTIVITIES		**13,247,972**	18,946,850
Interest received from banks	4,14	**2,918,460**	2,693,203
Income tax paid	17	**(3,564,755)**	(2,560,714)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**12,601,677**	19,079,339
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	7	**(93,925)**	(372,149)
Interest received from security deposit	14	**8,622**	7,922
NET CASH USED IN INVESTING ACTIVITIES		**(85,303)**	(364,227)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities	8	**(525,663)**	(450,052)
Payment of borrowings	10	**(447,203)**	(1,150,474)
Payment of cash dividend	11	**(10,000,000)**	(18,000,000)
Finance costs paid	14	**(261,841)**	(377,583)
NET CASH USED IN FINANCING ACTIVITIES		**(11,234,707)**	(19,978,109)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES IN CASH	18	**122,517**	137,764
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,281,667**	(1,262,997)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**74,226,229**	75,351,462
CASH AND CASH EQUIVALENTS AT END OF YEAR		**75,630,413**	74,226,229

(see accompanying notes to financial statements)

Note 1 – Corporate information

PNX-Udenna Insurance Brokers, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 5, 2006. The Company is presently engaged in and carrying on the business of or act as insurance broker of any domestic and/or foreign companies, as the Philippine laws may allow, for the purpose of carrying on any and all objectives and purposes for which the Company is created.

The Company is a wholly owned subsidiary of Udenna Management & Resources Corp. (UMRC or the Parent Company), a company incorporated and domiciled in the Philippines. The Company's ultimate parent company is Udenna Corporation (Udenna). UMRC is engaged in providing management, investment and technical advice for commercial, industrial, manufacturing and other kinds of enterprises. Udenna, on the other hand, is primarily organized to purchase, acquire, take over and manage all or any part of the rights, assets, business and property; to undertake and assume the liabilities of any person, firm, association, partnership, syndicate of corporation; and, to engage in the distribution, selling, importation, installation of pollution control devices, units and services, and all other pollution control related products and emission test servicing. The registered office of the Parent Company and ultimate parent company is located at Stella Hizon Reyes Road, Bo. Pampanga, Davao City, and their principal place of business is located at Global Synergy Compound, Carmen St. Toyozu Road, Bo. Obrero, Davao City.

The registered office of the Company is located at Bays 5 & 6, 6/F, Bormaheco Bldg., J.P. Laurel Avenue, Davao City, while the principal place of business is located at Stella Hizon Reyes Road, Bo. Pampanga, Davao City.

The financial statements of the Company for years ended December 31, 2025 and 2024 were authorized for issue by the Board of Directors (BOD) on May 5, 2026.

Note 2 – Summary of material accounting policies

The material accounting policies that have been used in the preparation of these financial statements are summarized below. Accounting policies are considered as material if it can reasonably influence the decisions that the primary users of financial statements make on the basis of those financial statements when considered together with other information included in the financial statements. The policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

1. Statement of Compliance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards

   The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards, which includes all applicable PFRSs, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Philippine Financial and Sustainability Reporting Standards Council or FSRSC (formerly Financial Reporting Standards Council or FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

   SEC Memorandum Circular No. 05 (2018) and Part I, Section 2A(iii) of the Revised Securities Regulation Code (SRC) Rule 68 which was approved and signed by the SEC on August 19, 2019, define small entities as those that meet all the following criteria: (1) total assets of between P3 million to P100 million or total liabilities of between P3 million to P100 million. If the entity is a parent company, the said amounts shall be based on the consolidated figures; (2) are not required to file financial statements under Part II of revised SRC Rule 68; (3) are not in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market, and (4) are not holders of secondary licenses issued by regulatory bodies. The adoption of the PFRSs for Small Entities Accounting Standards was recommended by the Association of Certified Public Accountants in Public Practice (ACPAPP).

   The Company qualifies as a small entity (SE) based on the criteria set by the SEC. However, as provided under the above-mentioned SEC circular and revised securities regulation code (SRC) rule 68, the Company is exempted from the mandatory adoption of PFRS for SEs Accounting Standards on the basis that the Company is a subsidiary of a parent company reporting under Philippine Financial Reporting Standards.

The preparation of financial statements in conformity with PFRSs Accounting Standards require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2. Basis of measurement

   The financial statements have been prepared using the measurement bases specified by PFRSs Accounting Standards for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost basis except for net retirement liability recognized as present value of the defined benefit obligation less fair value of contributions to plan asset.

   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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

   Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of PAS 17 and PFRS 16, Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in PAS 36, Impairment of Assets.

3. Presentation of financial statement

   In accordance with PAS 1 (Effective 2013), the Company is required to present a third Statement of Financial Position as at the beginning of the preceding period (hereinafter referred to as third Statement of Financial Position) when an entity:

   i. Applies an accounting policy retrospectively; or
   ii. Makes a retrospective restatement of items in its financial statements; or
   iii. Reclassifies items in its financial statements, and
   iv. The retrospective application, retrospective restatement or reclassification has a material effect on such third Statement of Financial Position.

   Accordingly, no notes are required for this third Statement of Financial Position, except for information required under PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The Company has no retrospective adjustments during the year. Consequently, no third Statement of Financial Position was presented.

   The financial statements are presented in accordance with PAS 1 (Amended 2011), *Presentation of Financial Statements*. The Company presents all items of income and expenses in a single statement of profit or loss and comprehensive income.

4. Functional and presentation currency

   The financial statements are presented in Philippine peso, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

   Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

5. Current versus noncurrent classification

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

   An asset is current when:

   - It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
   - It is held primarily for the purpose of trading;

- It is expected to be realized within twelve months after the financial reporting date; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial reporting date.

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Deferred tax assets are classified as noncurrent assets.

b. Adoption of new and revised accounting standards and pronouncements

The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following amended standards as at January 1, 2025. The Company's has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

1. Adoption of New and Revised Accounting Standards Effective in 2025

   i. Amendments to PAS 21, *Lack of Exchangeability*

   The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2. New Accounting Standards Effective after the Reporting Period 2026

   Effective beginning on or after January 1, 2026

   i. Amendments to PFRS 7 and 9, *Amendments to the Classification and Measurement of Financial Instruments*
   ii. Amendments to PFRS 7 and 9, *Contracts Referencing Nature-dependent Electricity*
   iii. Annual Improvements to PFRS Accounting Standards - Volume 11

   Effective beginning on or after January 1, 2027

   i. PFRS 18, *Presentation and Disclosure in Financial Statements*
   ii. PFRS 19, *Subsidiaries without Public Accountability*
   iii. PFRS 17, *Insurance Contracts*

   PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

   The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

   - A specific adaptation for contracts with direct participation features (the variable fee approach)
   - A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2024 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

On February 14, 2025, the FSRSC further deferred the effectivity from 2025 to 2027. This is consistent with Circular Letter No. 2025-05 dated March 17, 2025 issued by the Insurance Commission.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2027, with comparative figures required. Early application is permitted.

The Company has assessed the amendments and confirms that it will adopt PFRS 17 only when it becomes mandatory in 2027. Management is currently evaluating the potential impact of these new requirements on the financial statements.

iv. *Amendment to PFRS 17, Initial Application of PFRS 17 and PFRS 9 - Comparative Information*

Deferred

i. Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Other PIC Q&As Issued in 2025

i. Q&A No. 2025-01, *Timing of recognition for the cost of plastic packaging diversion activities under the Extended Producer Responsibility Act of 2022.*

The above Q&A has no impact on the Company's financial statements in the current or future reporting periods and on foreseeable future transactions.

c. Financial instruments

<u>Financial assets</u>

Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Company's financial assets.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets. Financial assets are subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Exchange differences are recognized in profit or loss.

The Company derecognized a financial asset only when the contractual rights to the asset's cash flows expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

Impairment of financial assets

The Company always recognizes lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship. Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The carrying amount of financial liabilities that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Exchange differences are recognized in profit or loss.

Financial liabilities are derecognized by the Company when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

d. Prepayments

Prepaid expenses are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve (12) months after the reporting period, which are then classified as non-current assets.

e. Property and equipment

Property, plant and equipment are accounted as either using cost model or fair value model. Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is computed using the straight-line method over the estimated useful lives of the property, plant and equipment. The estimated useful lives are as follows:

Category	Number of Years
Office equipment	1-2
Office furniture and fixtures	1-2
Transportation equipment	3-5

The useful lives and depreciation method are reviewed at each reporting date to ensure that the useful lives and method of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

f. Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the assets or cash-generating unit is written down to its recoverable amount.

g. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive): (a) as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is recognized in the statements of comprehensive income (loss), net of any reimbursement.

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

h. Contingencies

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

i. Employee benefits

The Company has defined benefit plan.

Defined benefit plan

The Company has a non-contributory and of the final salary defined benefit plan. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit liability at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Defined benefit costs comprise the following:

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

Service costs and net interest on net defined benefit liability or asset are recognized in profit or loss. On the other hand, remeasurements are recognized to equity through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The level of benefits provided depends on the member's length of service and salary at retirement age.

j. Borrowing costs

Borrowing costs are expensed in the period in which they are incurred and reported in other income (expenses) - net (see note 14).

k. Related party transactions and relationships

Parties are considered related if one party has an ability to control the other party 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 or corporate entities. Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in economically comparable market except for the payment terms and non-charging of interest on cash advances from related parties or personnel.

l. Revenue recognition

Revenue comprises revenue from rendering of services measured by reference to the fair value of consideration received or receivable by the Company for services rendered, excluding Value-added tax (VAT) and discounts.

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised services to its customers.

The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statements of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statements of financial position, depending on whether something other than the passage of time is required before the consideration is due.

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

Commission income

The Company assesses its revenue agreements against the specific criteria in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency services exists.

In addition, specific recognition criteria for commissions revenue must be met before revenue is recognized. Commissions revenue is recognized at a point in time when premium payments have been earned by the insurance companies from the insurance companies' clients.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other income

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

m. Expense recognition

Expenses are recognized in profit or loss when a 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: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) 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 (iii) 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 statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the function of expense method.

n. Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. The Company uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset, except when the Company expects to exercise a purchase option (over the useful life of the underlying asset). The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented under property and equipment in the statements of financial position. The Company applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Property and equipment” policy.

As a practical expedient, PFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

o. Income tax

Income tax expense represents the sum of the current tax and deferred tax expense. Current and deferred tax are recognized in profit or loss.

Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax expense is calculated using 25% regular corporate income tax rate based on taxable income.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

p. Share capital, revaluation reserves and accumulated profits

Share capital is determined using the nominal value of shares that have been issued.

Accumulated profits include current and prior period results as disclosed in the statements of comprehensive income.

Remeasurement of retirement liability pertains to actuarial gain (loss) - which are changes in the net retirement liability resulting from (1) experience adjustments - the effects of differences between the previous actuarial assumptions and what has actually occurred – and (2) the effects of changes in actuarial assumptions.

q. Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange prevailing at the end of the reporting period. All differences are recognized in the statements of comprehensive income except for foreign exchange differences that qualify as capitalizable borrowing costs for qualifying assets.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Translation rates at the year-end December 31, 2025 and 2024 are P58.81 and P58.01 to US $1.00, respectively.

r. Events after the reporting date

Events after the end of reporting period are those events, favorable and unfavorable, that occur between the end of reporting period and the date when the financial statements are for issue.

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

Note 3 – Use of estimates and judgements

The financial statements prepared in accordance with PFRS require management to make estimates and assumptions that affect amounts reported in the financial statements. In preparing the financial statements, management had made its best estimates and judgments of certain amounts, giving due consideration to materiality. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such 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.

1. Critical management judgments in applying accounting policies

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

a. Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in notes 2g and 2h.

b. Leases

Under the new standard, lessees will no longer classify their leases as either operating or finance leases. Rather, lessees will apply the single on-balance sheet model similar to the accounting for finance leases under PFRS 16, Leases. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

Judgment is used in determining whether the lease terms will not go beyond 12 months and if it contains underlying assets of low value. In making such judgment, the Company evaluates the terms and conditions of the lease arrangement.

Lease commitments – Company as lessee

The Company has one lease agreement as a lessee. The Company has determined, based on evaluation of the terms and condition of the lease agreements, that the significant risks and rewards of ownership of the leased properties were retained by the lessor (e.g., no transfer of ownership at the end of the lease term, lease term is not for the majority of the economic life of the asset and the amount of the present value of the minimum lease payments is not substantially the same as the fair value of the leased asset)

Determination of lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under its lease, to lease the assets for additional term subject to agreement by both parties. Since it should be mutually agreed upon by both parties, contract is deemed unenforceable for the renewal term. Lease term for these contracts is the non-cancellable term of the lease.

c. Determination of functional currency

Bases on the economic substance of the underlying circumstances relevant to the Company, the functional currency has been determined to be Philippine Peso. It is the currency that mainly influences the sales price and cost of pricing of the services.

d. Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note 17).

2. Key sources of estimation uncertainty

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

a. Provision for expected credit losses on trade and other receivables

Definition of Default and Credit-impaired Financial Assets

Upon adoption of PFRS 9, the Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

i. *Quantitative Criteria.* The borrower is generally more than over 90 days past due on its contractual payments, which is consistent with the Company's definition of default.

ii. *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

a. The borrower is experiencing financial difficulty or is insolvent;
b. The borrower is in breach of financial covenant(s); or
c. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Company's ECL calculation.

Simplified Approach for Trade and Other Receivables

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

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

b. Estimation of useful lives (EUL) of property and equipment

The Company estimates the useful lives of its depreciable property and equipment based on the period over which the assets are expected to be available for use. The EUL of the said depreciable assets are reviewed at least annually and are updated, if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the EUL of the depreciable property and equipment and would increase depreciation expense and decrease non-current assets.

The carrying amount of the Company's property, plant and equipment as at December 31, 2025 and 2024 amounted to P1,630,738 and P2,602,551 respectively (see Note 7).

c. Estimating impairment losses on non-financial assets

An impairment review is performed when certain impairment indicators are present. Internal and external sources of information are reviewed at each reporting date.

If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount.

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

1. significant underperformance relative to expected historical or projected future operating results; and
2. significant negative industry or economic trends.

No asset impairment was recognized as of December 31, 2025 and 2024.

d. Retirement benefit cost and other post-employment benefits

The determination of the Company's retirement cost is dependent on selection of certain assumptions used by the actuary in calculating such amount. Those assumptions include, among others, discount rates and future salary increase.

The cost of defined benefit pension plan and the present value of the pension liabilities are determined using actuarial valuations. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(in Philippine Peso)

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit liability. Future salary increases are based on expected future inflation rates and other relevant factors.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.

Accrued retirement liability amounted to P16,761,964 and P12,233,741 as at December 31, 2025 and 2024, respectively (see Note 16).

Note 4 – Cash and cash equivalents

The details of this account is as follows:

	Note	2025	2024
Cash on hand		**55,000**	65,000
Client's money	22	**404,812**	48,100
Cash in banks		**51,271,986**	51,235,963
Short-term placements		**23,898,615**	22,877,166
Total		**75,630,413**	74,226,229

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements for 2025 and 2024 are made for period of up to 30 days and earn from 0.10% to 5.00% (2024 - 0.10% to 5.25%).

Interest income on cash in banks and cash equivalents amounted to P2,918,460 and P2,693,203 (gross of final tax of P584,573 and P538,502) in 2025 and 2024, respectively.

There were no significant cash balances held by entity that are not available for use by entity by means of foreign exchange controls, legal restrictions, imposed restrictions among others.

Note 5 – Trade and other receivables

The details of this account is as follows:

	2025	2024
Current:		
Trade receivables	**3,734,170**	6,232,165
Other receivables	**676,903**	1,064,431
Sub-total	**4,411,073**	7,296,596
Non-current:		
Security deposits	**106,115**	97,493
Total	**4,517,188**	7,394,089

These are collectible in cash, unsecured and non-interest bearing. Other receivables mainly comprise of advances to employees.
Security deposit pertains to deposit paid to lessor for the lease of commercial building. This is refundable upon end of lease term.

No allowance for expected credit losses was recognized during the year on the remaining accounts since the management is positive that the collectability of the said accounts is certain.

(in Philippine Peso)

Note 6 – Prepayments and other assets

The details of this account is as follows:

	2025	2024
Excess tax credit	**5,539,836**	4,063,829
Prepaid insurance	**632,372**	673,485
Advances subject for liquidation	**8,000**	15,000
Others	**121,200**	181,800
Total	**6,301,408**	4,934,114

Others represent payment for broker's license fees.

Note 7 – Property and equipment - net

This account consists of:

2025	**Transportation equipment**	**Furniture and fixtures**	**Office equipment**	**Leasehold improvements**	**Total**
Cost					
Beginning balance	5,692,679	1,314,839	212,341	1,422,027	8,641,886
Additions	-	44,639	49,286	-	93,925
Disposal	-	-	-	-	-
Ending balance	**5,692,679**	**1,359,478**	**261,627**	**1,422,027**	**8,735,811**
Accumulated depreciation					
Beginning balance	3,750,387	1,287,852	206,669	794,427	6,039,335
Provisions	891,637	32,568	13,886	127,647	1,065,738
Disposal	-	-	-	-	-
Ending balance	**4,642,024**	**1,320,420**	**220,555**	**922,074**	**7,105,073**
Carrying amount	**1,050,655**	**39,058**	**41,072**	**499,953**	**1,630,738**

2024	Transportation equipment	Furniture and fixtures	Office equipment	Leasehold improvements	Total
Cost					
Beginning balance	5,380,179	1,260,862	206,669	1,422,027	8,269,737
Additions	312,500	53,977	5,672	-	372,149
Disposal	-	-	-	-	-
Ending balance	5,692,679	1,314,839	212,341	1,422,027	8,641,886
Accumulated depreciation					
Beginning balance	2,806,667	1,242,827	175,694	666,780	4,891,968
Provisions	943,720	45,025	30,975	127,647	1,147,367
Disposal	-	-	-	-	-
Ending balance	3,750,387	1,287,852	206,669	794,427	6,039,335
Carrying amount	1,942,292	26,987	5,672	627,600	2,602,551

Depreciation charged to operating expenses amounted to P1,065,738 and P1,147,367 for the years ended December 31, 2025 and 2024, respectively (see note 13).

Based on the impairment review of non-financial assets, the Company believes that there is no impairment loss occurred on its property and equipment as at December 31, 2025 and 2024.

(in Philippine Peso)

Certain transportation equipment with total cost amounting to P3,807,143 as of December 31, 2022 are pledged as collateral for borrowings under a mortgage agreement with Asia United Bank. The carrying amount of the pledged transportation equipment is P1,050,655 and P1,812,083 as of December 31, 2025 and December 31, 2024, respectively (see note 10).

Note 8 – Right-of-use asset

The Company has lease for certain office space, with floor area of 108.39 square meters (sq.m.). Lease contract provides a monthly rental payment of P53,112 for the first two years with 5% escalation rate commencing on the third year of the lease term and deposit of P146,326, which is refundable at the end of lease term. In addition to monthly rent, the Company shall also pay common usage area fee of P40 per sq.m. Term of the lease is ten years, which commenced on October 16, 2019 and will expire on October 16, 2029, renewable upon agreement by both parties.

This lease agreement covering office spaces is accounted under PFRS 16. This lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property and equipment (see notes 2n).

The table below shows the movement of right-of-use asset of the Company's lease of office space and amount recognized on the statements of financial position:

	2025	2024
Cost		
At January 1	**5,100,463**	5,100,463
Additions	**-**	-
Deductions	**-**	-
At December 31	**5,100,463**	5,100,463
Accumulated amortization		
At January 1	**2,656,491**	2,146,444
Amortization	**510,047**	510,047
Deductions	**-**	-
At December 31	**3,166,538**	2,656,491
Carrying amount	**1,933,925**	2,443,972

Lease liabilities are presented in the statements of financial position as follows:

	2025	2024
Current	**609,724**	525,663
Non-current	**2,031,593**	2,641,317
Total	**2,641,317**	3,166,980

The table below are the carrying amounts of lease liabilities related to office space during the period:

	2025	2024
Balance at beginning of the year	**3,166,980**	3,617,032
Payments		
Principal portion	**(525,663)**	(450,052)
Interest portion	**(246,701)**	(287,986)
Amortization of interest	**246,701**	287,986
Total	**2,641,317**	3,166,980

Shown below is the maturity analysis of the discounted lease payments:

	2025	2024
1 year	**609,724**	525,663
More than 1 year to 2 years	**703,098**	1,312,822
More than 2 years to 3 years	**1,328,495**	1,328,495
Total	**2,641,317**	3,166,980

(in Philippine Peso)

Note 9 – Accrued expenses and other liabilities

The details of this account is as follows:

	2025	2024
Accrued expenses	**2,031,356**	1,948,324
Payable to government agencies	**654,164**	328,564
Payable to insurance companies	**404,812**	48,100
Other payables	**1,345,176**	3,286,176
Total	**4,435,508**	5,611,164

Accrued expenses mainly pertain to payables to various suppliers that remain unpaid at the end of the year that are expected to be settled within 12 months from the end of the reporting period.

Other payables mainly pertain to non-trade payable to employees' reimbursement.

Note 10 – Borrowings

Borrowings are presented in the statements of financial position as follows:

	2025	2024
Current	**-**	447,203

Bank borrowings represent mortgage loan, which bears a fixed interest rate of 8.50% per annum over a term of 36 months. These borrowings is already matured and paid in 2025.

Total interest on these borrowings upon maturity charged in the statements of comprehensive income amounted to P15,140 and P89,597 in 2025 and 2024, respectively.

Note 11 – Equity

11.1 Share capital

	2025	2024	**2025**	2024
Authorized capital:				
Common shares of stock @ P100 par value	**200,000**	200,000	**20,000,000**	20,000,000
Issued and subscribed:				
Balance at beginning of year	**200,000**	200,000	**20,000,000**	20,000,000
Issued during the year	**-**	-	**-**	-
Paid-up capital at end of the year	**200,000**	200,000	**20,000,000**	20,000,000

In compliance with the Revised Securities Regulation Code Rule 68, the Company has total number of one (1) stockholder owning one hundred (100) or more shares each.

11.2 Appropriation for regulatory compliance

In a meeting held by the Board of Directors held last April 07, 2025, the Board passed and approved a resolution to the utilization of the previously appropriated P28,500,000 reserved fund for probable contingencies, and additional P10,000,000 from its unrestricted retained earnings as of December 31, 2024, or a total of P38,500,000 be reserved as additional capitalization requirement in compliance with regulatory requirements necessary for the processing and maintenance of its license to operate as an Insurance Broker and Reinsurance Broker to be executed until the end of 2026.

11.3 Cash dividend declaration

a. In a meeting held by the Board of Directors held last December 18, 2023, the Board passed and approved a resolution to declare dividends of P50.00 per share totaling P10,000,000 to stockholders of record as of December 31, 2023. The dividend declared was paid in March 2024.

(in Philippine Peso)

b. In a meeting held by the Board of Directors held last June 20, 2024, the Board passed and approved a resolution to declare dividends of P40.00 per share totaling P8,000,000 to stockholders of record as of December 31, 2024. The dividend declared was paid in July 2024.

c. In a meeting held by the Board of Directors held last December 20, 2024, the Board passed and approved a resolution to declare dividends of P50.00 per share totaling P10,000,000 to stockholders of record as of December 31, 2024. The dividend declared was paid in July 2025.

d. In a meeting held by the Board of Directors held last December 15, 2025, the Board passed and approved a resolution to declare dividends of P40.00 per share totaling P8,000,000 to stockholders of record as of December 31, 2025. The dividend declared shall be distributed to the stockholders on or before 30 May 2026.

Note 12 – Cost of service

The details of this account is as follows:

	2025	2024
Sales incentives and commissions	**1,684,852**	962,250
Travel and transportation	**1,227,420**	1,961,160
Representation and entertainment	**212,776**	397,269
Total	**3,125,048**	3,320,679

Note 13 – Operating expenses

The details of the Company's operating expenses are shown below:

	Notes	**2025**	2024
Salaries, wages and benefits		**10,597,900**	11,336,850
Retirement benefit expense	16	**1,845,089**	1,163,710
Depreciation and amortization expense	7,8	**1,575,785**	1,657,414
Insurance		**1,122,493**	883,933
Professional fees		**543,283**	294,008
Taxes and licenses	23.4	**375,000**	368,627
Utilities		**326,308**	312,703
Donation and contribution	15	**241,250**	410,184
Repairs and maintenance		**161,371**	215,066
Office supplies		**98,048**	91,419
Christmas giveaway		**-**	281,109
Miscellaneous expenses		**975,528**	2,134,637
Total		**18,462,651**	19,149,660

Miscellaneous expenses include membership, dues and subscription, postage and courier, and other expenses.

Note 14 – Other income - net

The details of the Company's other income expense are shown below:

	Notes	**2025**	2024
Interest income on bank and time deposit	4	**2,918,460**	2,693,203
Interest income on amortization of security deposit		**8,622**	7,922
Unrealized foreign exchange gain - net		**122,517**	137,764
Interest expense under lease liability	8	**(246,701)**	(287,986)
Interest expense on borrowings	10	**(15,140)**	(89,597)
Non-operating expenses		**(600,596)**	-
Net		**2,187,162**	2,461,306

Non-operating expenses represent payment of tax deficiencies.

(in Philippine Peso)

Note 15 – Related party transactions and relationships

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or transfer of resources or obligations between related parties regardless of whether a price is charged. Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in economically comparable market except for the payment terms and non-charging of interest on cash advances.

The following is a summary of related party transactions and account balances as of December 31, 2025 and 2024:

a. Stockholders

	Nature of transactions	Amount of transactions	Outstanding balance	Remarks
2025	Cash dividends	8,000,000	8,000,000	Payable on or before May 30, 2026 (see Note 11.4d)
2024	Cash dividends	18,000,000	10,000,000	Payable on or before June 30, 2025 (see Note 11.4b and 11.4c)

b. Entities under common ownership

	Nature of transactions	Amount of transactions	Outstanding balance	Remarks
2025	Donation	240,000	-	Unsecured; noninterest bearing; to be received in cash
2024	Donation	240,000	-	Unsecured; noninterest bearing; to be received in cash

The Company has made donations amounting to P240,000 in both 2025 and 2024, to Udenna Foundation, Inc. (UFI), a non-stock, non-profit organization established by Udenna. These are presented as part of Donation and Contribution in the statements of comprehensive income. Remaining Donation and Contribution of P1,250 (2024 - P170,184) is attributable to a third party donation.

The Company has no outstanding payable to UFI related to these donations as of December 31, 2025 and 2024.

c. Key management personnel compensation

No compensation was paid to key management personnel for years 2025 and 2024.

Note 16 – Retirement liability

The Company has an unfunded, non-contributory defined benefit retirement plan covering all regular employees. It accrues retirement benefit cost computed using the projected unit method with projected retirement benefit in accordance with RA 7641. The latest actuarial valuation report of an independent actuary was obtained on April 16, 2026.

The retirement plan of the Company is unfunded as at reporting date. Generally, the funding requirements are to be based on the actuarial measurement framework set out in the funding policies of the plan. The funding shall be based on a separate actuarial valuation for funding purposes for which assumptions may be differ from the assumptions used in the revised PAS 19 projected unit credit method. This said separate valuation is to be availed as management anticipates a material payout based on its projection of retirement in the succeeding relevant projection period. There are no statutory funding requirements in the Philippines as at reporting date. However, management ensures that amount of retirement liability recognized in the books meet the prescribed liability under RA 7641.

The Company does not expect to contribute any amount in a separate fund in 2026.

The net defined benefit liability recognized in the statements of financial position amounts to P16,761,965 and P12,233,741 in December 31, 2025 and 2024, respectively.

(in Philippine Peso)

Defined benefit plan expenses

Amounts recognized in profit or loss related to the Company's defined benefit plan are as follows:

	2025	2024
Current service cost	**1,098,831**	**895,095**
Past service cost	**-**	**-**
Interest cost	**746,258**	**268,615**
Retirement expense	**1,845,089**	**1,163,710**

The current service cost, past service cost and interest expense are included in retirement expense (see note 13).

The amounts recognized in other comprehensive income related to the Company's defined benefit plan are as follows:

	2025	2024
Changes in financial assumption	**(123,575)**	1,157,834
Experience adjustments	**2,806,710**	5,641,334
Changes in demographic assumptions	**-**	(139,891)
Total	**2,683,135**	6,659,277
Income tax effect	**(670,784)**	(1,664,819)
Net remeasurement losses (gains)	**2,012,351**	4,994,458

Net actuarial loss resulting from the remeasurement of the defined benefit liability is included in the statements of other comprehensive income within items that will not be reclassified subsequently to profit or loss.

Defined benefit obligation

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

	2025	2024
Retirement liability at the beginning of the period	**12,233,741**	4,410,754
Expense (income) recognized in profit or loss	**1,845,089**	1,163,710
Actuarial loss (gain) in DBO recognized in OCI	**2,683,135**	6,659,277
Retirement liability at the end of the period	**16,761,965**	12,233,741

Actuarial Assumptions, Risks, Sensitivity

i. *Actuarial Assumptions*

The principal actuarial assumptions at the reporting date are shown below:

	2025	2024
Discount rates	**6.35%**	6.10%
Future salary increases	**7.00%**	7.00%

ii. *Risks Management of Risks*

The defined benefit obligation is exposed to actuarial risks, such as market risk and longevity risk.

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields as such is exposed to market factors including inflation. Higher inflation will lead to higher liabilities. Also, the plan obligations are to be provided benefits for the life of members, so increase in life expectancy will result in an increase in the plan's liabilities. These risks are managed with the objective of reducing the impact of these risks to the cash flows of the Company. The Company is currently evaluating a formalization of Asset Liability Matching study based on best practices in the industry.

(in Philippine Peso)

iii. *Sensitivity*

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2025 and 2024, assuming all other assumptions were held constant:

	2025		2024	
	Increase (Decrease)	**PV of DBO – Increase (Decrease)**	Increase (Decrease)	PV of DBO – Increase (Decrease)
Discount rates	1.00%	**16,307,945**	1.00%	11,697,793
	-1.00%	**17,281,714**	-1.00%	12,850,935
Future salary increases	1.00%	**17,383,856**	1.00%	12,920,666
	-1.00%	**16,199,867**	-1.00%	11,621,425

Note 17 – Income taxes

a. Income tax benefit (expense) - current

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

	2025	2024
Income before tax	**12,280,906**	8,941,687
Income tax at statutory rate of 25%	**3,070,227**	2,235,422
Additions to (reduction in) income tax resulting from:		-
Retirement benefit expense	**461,272**	290,927
Interest expense on notes	**3,785**	22,399
Miscellaneous expense	**87,046**	141,251
Penalties	**124,157**	-
Interest expense on lease liability	**61,675**	71,997
Amortization of right of use asset	**127,512**	127,512
Representation and entertainment	**-**	26,941
Interest income subject to final tax	**(729,615)**	(673,301)
Interest income on amortization of security deposit	**(2,156)**	(1,981)
Unrealized forex loss	**(30,629)**	(34,441)
Actual lease payments	**(193,091)**	(184,515)
Income tax expense – current	**2,980,183**	2,022,211

Under CREATE Act, the Company shall pay the Minimum Corporate Income Tax (MCIT) or the normal tax whichever is higher starting in its fourth year of operations. MCIT is 2% of gross income as defined by the Act. Any excess of MCIT over the normal income tax shall be carried forward annually and credited against the normal income tax for the next three succeeding taxable years.

For the years 2025 and 2024, the Company is subject to 25% regular income tax rate.

(in Philippine Peso)

b. Deferred tax asset

The components of the Company's deferred tax assets as at December 31, 2025 and 2024 pertain to the tax effects of the following:

	Statements of Financial Position		**Statements of Comprehensive Income**	
	2025	2024	**2025**	2024
Under comprehensive income				
Post-employment defined benefit obligation	**3,519,709**	3,058,437	**461,272**	1,955,748
Under other comprehensive loss				
Revaluation reserves	**875,328**	204,544	**670,784**	-
Total	**4,395,037**	3,262,981	**1,132,056**	1,955,748

The deferred tax asset is measured using the appropriate corporate income tax on the period these are expected to be reversed or settled.

c. Optional Standard Deduction

Effective July 2008, Republic Act 9504 was approved giving the corporate taxpayers an option to claim itemized deductions or optional standard deductions (OSD) equivalent to 40% of gross income. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made.

For the years 2025 and 2024, the Company opted claiming itemized deductions.

d. Enactment of Capital Markets Efficiency Promotion Act (CMEPA)

On May 29, 2025, the President of the Philippines signed into law the Capital Markets Efficiency Promotion Act (CMEPA) as Republic Act (RA) No. 12214 – which aims to promote a simpler, fairer, more efficient, and regionally competitive tax framework for capital markets and passive income to encourage savings and investment. The law was published in the Official Gazette and Manila Bulletin in June 2025 and took effect on July 1, 2025, following its publication.

The CMEPA amends various provisions of the National Internal Revenue Code of 1997, as amended (Tax Code). Its primary purpose is to reduce barriers to capital market participation, streamline tax compliance, lower transaction costs, and align the Philippine tax regime with international and ASEAN peers to deepen and expand the local capital markets.

Revenue Regulation (RR) 19 to 21-2025 outlines the implementing rules and regulations (IRR) to implement pursuant to RA No. 12214. Salient provisions relevant to the Company is as follows:

- Reduction of Stock Transaction Tax (STT) - STT on the sale or exchange of shares listed and traded through a local stock exchange was significantly reduced from 0.60% to 0.10% of the gross selling price or gross monetary value, making equity trading more cost-competitive.
- Adjusted Documentary Stamp Tax (DST) - The DST on the original issuance of shares of stock was reduced from 1 % to 0.75 %. Certain transactions, such as the original issuance, redemption, or transfer of mutual fund shares or UITFs, were exempted from DST.
- Uniform Tax on Interest Income - Interest income from Philippine peso and foreign currency bank deposits, deposit substitutes, trust funds, and similar arrangements are now subject to a uniform 20 % final withholding tax (FWT) regardless of instrument tenure.
- Consistent Capital Gains Tax (CGT) - Capital gains on unlisted shares, whether domestic or foreign (except if sold through a local or foreign stock exchange), are now subject to a 15 % final tax on net capital gains.
- Expanded Definition of “Securities” - The law broadens and clarifies the definition of securities to include a wider range of financial instruments, ensuring consistent tax treatment across different instruments.

(in Philippine Peso)

- Passive Income Definition and Taxation - "Passive income" was defined for tax purposes, and the Act harmonized its taxation (e.g., interest, dividends, royalties), helping eliminate arbitrage and simplifying compliance.
- PERA Incentive - Private employers who contribute an amount equal to or greater than employees' contributions to Personal Equity and Retirement Accounts (PERA) may claim an additional 50 % tax deduction on their actual contributions (subject to applicable limits). Removal/Adjustment of Certain Exemptions — The Act removes select exemptions (e.g., on passive income of GOCCs and pick-ups not used for livelihood) and standardizes tax responsibilities to enhance fairness and broaden the revenue base.

This IRR was issued on August 5, 2025 and became effective on July 1, 2025.

The CMEPA has no impact on the Company's financial statements for the year ended December 31, 2025.

Note 18 – Categories and fair values of financial assets and liabilities

Fair value Information

The table below presents a comparison by category of carrying amounts and fair values of the Company's financial instruments as at December 31, 2025 and 2024:

	2025		2024	
	Carrying values	**Fair values**	Carrying values	Fair values
Financial assets:				
Cash on hand and in banks	**75,630,413**	**75,630,413**	74,226,229	74,226,229
Trade and other receivables	**4,411,073**	**4,411,073**	7,296,596	7,296,596
Security deposits	**106,115**	**106,115**	97,493	97,493
Total	**80,147,601**	**80,147,601**	81,620,318	81,620,318
	3,781,344	**3,929,923**	5,282,600	5,282,600
Accrued and other payables*				
Dividends payable	**8,000,000**	**8,000,000**	10,000,000	10,000,000
Borrowings	**-**	**-**	447,203	447,203
Lease liabilities	**2,641,317**	**2,641,317**	3,166,980	3,166,980
Total	**14,422,661**	**14,571,240**	18,896,783	18,896,783

** net of payable to government agencies of P654,164*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and receivables - The carrying amounts of cash and receivables approximate fair values primarily due to relatively short-term maturities of these financial instruments.

Trade and other payables - the carrying amounts of trade and other payables approximate fair values due to relatively short-term maturities of these financial instruments. Other payable is reported at their present value, which approximate the cash amounts that would fully satisfy the obligations as at reporting date. The carrying amount approximates fair value. These are classified as current liabilities when they become payable within a year.

Lease liabilities – measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. These are classified as current liabilities when they become payable within a year.

Borrowings - is reported at their present value, which approximate the cash amounts that would fully satisfy the obligations as at reporting date. The carrying amount approximates fair value.

(in Philippine Peso)

Note 19 – Financial risk management objectives and policies

The Company has various financial assets and liabilities such as cash in banks, trade and other receivables, financial asset at FVTPL accounts, loans receivable, refundable deposits, trade and other payables, borrowings and lease liabilities which arise directly from its operations.

Exposure to credit and liquidity risks arises in the normal course of the Company's business activities. The main objectives of the Company's financial risk management are as follows:
- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The Company's BOD reviews and approves the policies for managing each of these risks and they are summarized below:

Credit risk

Credit risk is the risk that the Company will incur financial losses from customers or counterparties that fail to discharge their contracted obligations. The Company manages credit risk by setting limits on the amount of risk the Company is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

As a policy, the Company trades only with recognized, creditworthy third parties and/or transacts only with institutions and/or banks which have demonstrated financial soundness. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the level of the allowance account is reviewed on an ongoing basis to ensure that the Company's exposure to credit risk is not significant. With respect to credit risk arising from the other financial assets of the Company, which comprise mostly of cash in banks and trade and other receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The carrying amount of receivables represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is follows:

	2025	2024
Cash and cash equivalents	**75,630,413**	74,226,229
Trade and other receivables	**4,411,073**	7,296,596
Security deposits	**106,115**	106,115
Total	**80,147,601**	81,620,318

The credit risk for cash is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The aging of financial assets as at December 31, 2025 and 2024 are as follows:

	Neither Past Due Nor Impaired	**Past due but not impaired**	**Impaired**	**2025 Total**
Cash and cash equivalents	**75,630,413**	-	-	**75,630,413**
Trade and other receivables	**4,411,073**	-	-	**4,411,073**
Security deposits	**106,115**	-	-	**106,115**
Total	**80,147,601**	**-**	**-**	**80,147,601**

	Neither Past Due Nor Impaired	Past due but not impaired	Impaired	2024 Total
Cash and cash equivalents	74,226,229	-	-	74,226,229
Trade and other receivables	7,296,596	-	-	7,296,596
Security deposits	97,493	-	-	97,493
Total	81,620,318	-	-	81,620,318

(in Philippine Peso)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Company seeks to manage its liquidity by maintaining adequate banking facilities and by continuously monitoring of forecast and actual cash flows of its financial assets and matching maturity profiles of financial assets and liabilities. Parent Company is committed to put additional financing in order to meet the required liquidity ratio of the entity.

	Carrying amount	**Less than 1 Year**	**More than 1 Year Less than 5 Years**	**More than 5 Years**
Accrued and other payables*	**3,781,344**	**3,781,344**	-	-
Dividends payable	**8,000,000**	**8,000,000**	-	-
Lease liabilities	**2,641,317**	**609,724**	**2,031,593**	-
Total	**14,422,661**	**12,785,311**	**2,031,593**	**-**

**net of payable to government agencies of P654,164*

	Carrying amount	Less than 1 Year	More than 1 Year Less than 5 Years	More than 5 Years
Accrued and other payables*	5,282,600	5,282,600	-	-
Dividends payable	10,000,000	10,000,000	-	-
Borrowings	447,203	-	-	447,203
Lease liabilities	3,166,980	525,663	2,641,317	-
Total	18,896,783	15,808,263	2,641,317	447,203

The Company's current ratios are presented below:

	2025	2024
Current assets	**86,342,894**	86,456,939
Current liabilities	**13,045,232**	16,584,030
Current ratio	**6.62:1**	5.21:1

The Company's quick ratios are presented below:

	2025	2024
Quick assets:		
Cash and cash equivalents	**75,630,413**	74,226,229
Trade and other receivables	**4,411,073**	7,296,596
Security deposits	**106,115**	97,493
Sub-total	**80,147,601**	81,620,318
Current liabilities	**13,045,232**	16,584,030
Quick ratio	**6.14:1**	1.36:1

Interest rate risk

The Company's exposure to the risk of changes in market interest rate relates primarily to borrowings with variable interest rates. The Company's existing borrowings are based on a fixed interest rate, hence; it has no exposure to risk on interest rate fluctuations.

Currency risk

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency denominated transactions.

The Company has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, its functional currency. Exposure to currency exchange rates arise from the Company's U.S. dollar denominated cash in bank.

Note 20 – Fair value information of financial assets and liabilities

Fair value is defined as 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.

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The level within which the asset or liability is classified and determined based on the lowest level of significant input to the fair value measurement.

For the purpose of determining market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.
The table below summarizes the fair value hierarchy of the Company's financial assets and liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

	December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and cash equivalents	**75,630,413**	**-**	**-**	**75,630,413**
Trade and other receivables	**-**	**-**	**4,411,073**	**4,411,073**
Security deposits	**-**	**-**	**106,115**	**106,115**
Total	**75,630,413**	**-**	**4,517,188**	**80,147,601**
Financial liabilities				
Accrued and other payables	**-**	**-**	**3,781,344**	**3,781,344**
Dividends payable	**-**	**-**	**8,000,000**	**8,000,000**
Lease liabilities	**-**	**-**	**2,641,317**	**2,641,317**
Total	**-**	**-**	**14,422,661**	**14,422,661**

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	74,226,229	-	-	74,226,229
Trade and other receivables	-	-	7,296,596	7,296,596
Security deposits	-	-	97,493	97,493
Total	74,226,229	-	7,394,089	81,620,318

(in Philippine Peso)

Financial liabilities				
Accrued and other payables	-	-	5,282,600	5,282,600
Dividends payable	-	-	10,000,000	10,000,000
Borrowings	-	-	447,203	447,203
Lease liabilities	-	-	3,166,980	3,166,980
Total	-	-	18,896,783	18,896,783

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short- term financial instruments approximate their fair values.

Note 21 – Capital management objectives, policies and procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position. Capital for the periods under review is summarized as follows:

	2025	2024
Total liabilities	**31,838,789**	31,459,088
Total equity	**62,569,920**	63,404,848
Debt to equity ratio	**0.51:1**	0.50:1

The Company sets the amount of capital in proportion to its overall financial structure, i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Note 22 – Supplementary information required by the IC

Presented below and in the succeeding page are the supplementary information on minimum disclosure requirements of the IC under CL No. 2021-65, as amended by CL No. 2023-02, to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Segregation of client's money account

As of December 31, 2025 and 2024, the Company's client's money amounted to P404,811 and P48,100, respectively, and are presented as part of cash and cash equivalents in the statements of financial position. The Company's client's money is properly segregated from the Company's general fund.

(b) Net worth compliance

The Company holds licenses as an insurance broker and an HMO broker. The minimum net worth requirement for an insurance or reinsurance broker is P25 million (if license issued before October 19, 2018) or P50 million (if license issued after October 19, 2018). The minimum net worth requirement for an HMO broker is P15 million, or higher depending on the combination of broker activities. For an HMO broker and an insurance or reinsurance broker, the applicable minimum net worth requirement is P25 million. As of December 31, 2025 and 2024, the Company's net worth amounts to P62,569,920 and P63,404,848, respectively, with total capital stock of P20,000,000 issued and outstanding in both years. Accordingly, the Company complies with the minimum net worth requirements applicable to both HMO broker and insurance broker.

(c) Fiduciary ratio requirement

The Company is required to comply with the fiduciary ratio requirement per IC CL No. 2021-65, Revised On-site Examination/Off-site Verification Rules and Procedures. The fiduciary ratio is a measure to assess the Company's conduct of handling premiums from the policyholder or ceding company, given that a broker is expected to be acting on a fiduciary capacity.

(in Philippine Peso)

The fiduciary ratio is computed by dividing the total fiduciary assets (either cash or receivables being held by an insurance and/or reinsurance broker, over the total fiduciary liabilities). 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, Revised Standard Chart of Accounts for Insurance and/or Reinsurance Brokers.

Fiduciary transaction model

The Company uses a credit agreement. This 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, the Company's fiduciary ratio is computed as follows:

	2025	2024
Fiduciary assets:		
Client money	**404,812**	48,100
	404,812	48,100
Fiduciary liability		
Payable to insurance companies	**404,812**	48,100
Ratio	**1.00:1.00**	1.00:1.00

Based on the computation, the Company is compliant with the requirement per IC CL No. 2021-65.

(d) Offsetting arrangements

The Company's offsetting arrangements are disclosed in Note 2c.

Note 23 – Supplementary information required by Bureau of Internal Revenue

The following supplementary information are presented for purpose of filing with the BIR and are not required part of the basic financial statements.

Revenue Regulation (RR) No. 15-2010

In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes and license fees paid or accrued during the taxable year.

1. Output value-added tax (VAT)

   The Company is a VAT-registered entity with VAT output tax declaration and gross receipts during the year as follows:

	Tax base	**Output tax**
Vatable receipts	34,969,903	4,196,388

The Company's revenues were subjected to output tax set at 12%.

(in Philippine Peso)

2. Input value-added tax (VAT)

   Details of the Company's input VAT claimed are as follows:

Balance at January 1, 2025		-
Current year's domestic purchases:		
Goods other than capital goods	32,240	
Capital goods not > 1M	304,105	
Services	160,384	496,729
Excess input tax carried over		-
Total allowable input tax		496,729
Less: Net output tax closed to input tax during the year		
Total output tax for the year	4,196,388	
VAT payments during the year	3,248,712	947,677
Balance at December 31, 2025		(450,948)

3. Withholding taxes

   Details of withholding taxes in 2025 are as follows:

Expanded	277,554
Compensation	1,606,546
Total	**1,884,100**

4. Taxes and licenses (Note 13)

   Details of the Company's other taxes and licenses paid in year 2025 are as follows:

Business permit	233,407
Documentary stamp tax	71,664
Others	69,929
Total	**375,000**

5. Information on the Company's importations and excise taxes.

   The Company has no transaction involving importations and excise taxes.

6. Deficiency tax assessments, tax cases and any litigation and/or prosecution in courts or bodies outside the BIR.

   The Company has no deficiency tax assessment, tax case or any litigation/prosecution with the Bureau of Internal Revenue, courts and regulatory bodies outside BIR.

Revenue Regulation (RR) No. 34-2020

RR No. 34-2020 prescribes the guidelines, and procedures for the submission of BIR Form 1709, Transfer Pricing Documentation (TPD) and other supporting documents, amending for this purpose the pertinent provisions of Revenue Regulations (RR) Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010.

In compliance with RR No. 34-2020, The Company is not covered by these requirements as the Company did not fall in any of the categories identified under Section 2 of RR No. 34-2020.

Reconciliation of Retained Earnings Available for Dividend Declaration

For the reporting period ended December 31, 2025

PNX - UDENNA INSURANCE BROKERS, INC.

Bays 5 & 6, 6/F, Bormaheco Bldg., J.P. Laurel Avenue, Davao City

Unappropriated Retained Earnings, beginning of reporting period		**10,875,263**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(8,000,000)	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	(8,000,000)
Unappropriated Retained Earnings, beginning as adjusted		**2,875,263**
Add/Less: Net Income for current year		**9,177,423**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		-
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		-

Reconciliation of Retained Earnings Available for Dividend Declaration
For the reporting period ended December 31, 2025

PNX - UDENNA INSURANCE BROKERS, INC.
Bays 5 & 6, 6/F, Bormaheco Bldg., J.P. Laurel Avenue, Davao City

Add: Category C.3: Unrealized income in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit of loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	
Sub-total		-
Adjusted Net Income/Loss		9,177,423
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	
Others (describe nature)	-	
Sub-total		-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	
Sub-total		-
Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Treasury shares (except for reacquisition of redeemable shares)	-	
Deferred tax asset not considered in the reconciling items under the previous categories	-	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, i.e., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable.	-	
Adjustment due to deviation from PFRS/GAAP – gain (loss)	-	
Others (describe nature)	-	
Sub-total		-
Total Retained Earnings, end of the reporting period available for dividend		**12,052,686**

PNX-UDENNA INSURANCE BROKERS, INC.
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
December 31, 2025

Audit And Non-Audit Fees of the Company and its Consolidated Related Entities

	Current Year	Prior Year
Total Audit Fees	214,500.00	203,500.00
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Non-audit Fees	-	-
Total audit and non-audit fees	**214,500.00**	**203,500.00**

Audit and Non-Audit Fees of Other Related Entities

	Current Year	Prior Year
Audit fees	-	-
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total audit and non-audit fees of other related entities	**-**	**-**