Macondray Insurance Brokers Corporation
(A Wholly-owned Subsidiary of
Macondray Philippines Co., Inc.)

Financial Statements
December 31, 2025 and 2024

and

Independent Auditor's Report

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	9	4	-	0	0	9	3	5	1

C O M P A N Y N A M E

MACONDRAY INSURANCE BROKERS CORPORATION (A Wholly Owned Subsidiary of Macondray Philippines, Co., Inc.)

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

2263 Pasong Tamo Extension, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	MRD

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
mibc@macondray.com	8812-0651 to 55	+639178268202

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6	20th Tuesday of March	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Zenaida A. Mercado	info@macondray.com	812-0652	9812-0651

CONTACT PERSON's ADDRESS

2263 Pasong Tamo Ext., Makati City

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

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

MACONDRAY INSURANCE BROKERS CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **MACONDRAY INSURANCE BROKERS CORPORATION (A Wholly-owned Subsidiary of Macondray Philippines Co., Inc.)** is responsible for the preparation and fair presentation of the audited financial statements including the schedules attached therein for the years ended December 31, 2025 and December 31, 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 misstatements, whether due to fraud or error.

In preparing the audited 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.

BERMUDEZ & ASSOCIATES, CERTIFIED PUBLIC ACCOUNTANTS, the independent auditor, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Zenaida A. Mercado
Treasurer/ Chief Finance Officer

Geronimo T. Gonzalez
President/Chief Executive Officer

Report of Independent Auditor

The Board of Directors
MACONDRAY INSURANCE BROKERS CORPORATION
(A Wholly-owned Subsidiary of Macondray Philippines Co., Inc.)
2263 Pasong Tamo Extension, Makati City

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **MACONDRAY INSURANCE BROKERS CORPORATION** which comprise the statements of financial position as at December 31, 2025 and 2024, and the statement of comprehensive income, statements of changes in equity and statements of cash flow for the years then ended, and notes to the financial statements, including material accounting policy information.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required by the Bureau of Internal Revenue on taxes and licenses disclosed in the notes to the financial statements is presented for purposes of additional analysis and is not required part of financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BERMUDEZ & ASSOCIATES,
Certified Public Accountants

Gil C. Bermudez
Partner
CPA Reg. No. 0059357
TIN 169-302-027-000
PTR No. 8205056, January 6, 2026, Quezon City
Firm BOA No. 9039, valid until October 21, 2026
BIR No. 07-100662-002-2024, valid until June 22, 2026
SEC Partner No. 59357-SEC, valid for 2022 to 2026 FS
SEC Firm No. 9039-SEC, valid for 2022 to 2026 FS
IC No. IC-EA-2024-0004-N valid for audit years 2024-2026
BSP Group C, valid for audit years 2024 to 2028

Unit 502 Milandre Center, Quezon Avenue, Quezon City
April 30, 2026

MACONDRAY INSURANCE BROKERS CORPORATION
(A Wholly Owned Subsidiary of Macondray Philippines Co., Inc.)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱10,134,126**	₱15,410,968
Trade receivables (Note 5)	**453,986**	779,787
Due from related parties (Note 16)	**13,909,726**	4,776,240
Prepayments and other current assets (Note 6)	**3,399,093**	3,522,813
Total Current Assets	**27,896,931**	24,489,808
Noncurrent Assets		
Property and equipment (Note 7)	**430,133**	734,585
Deferred income tax assets - net (Note 18)	**1,492,548**	1,715,532
Other noncurrent assets (Note 6)	**12,512,490**	12,190,404
Total Noncurrent Assets	**14,435,171**	14,640,521
TOTAL ASSETS	**₱42,332,102**	₱39,130,329
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 8)	**₱7,070,960**	₱10,111,182
Due to insurance principals (Note 9)	**1,459,797**	4,312,160
Total Current Liabilities	**8,530,757**	14,423,342
Noncurrent Liability		
Retirement benefit obligation (Note 17)	**2,194,193**	1,925,046
Total Liabilities	**10,724,950**	16,348,388
Equity		
Capital stock (Note 10)	**24,569,000**	24,569,000
Contingency surplus (Note 10)	**4,000,000**	4,000,000
Remeasurement gains on retirement benefit obligation (Note 17)	**706,021**	704,429
Retained earnings (deficit)	**2,332,131**	(6,491,488)
Total Equity	**31,607,152**	22,781,941
TOTAL LIABILITIES AND EQUITY	**₱42,332,102**	₱39,130,329

See accompanying Notes to Financial Statements.

MACONDRAY INSURANCE BROKERS CORPORATION
(A Wholly Owned Subsidiary of Macondray Philippines Co., Inc.)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2025	2024
REVENUE (Note 11)	**₱19,885,944**	₱13,851,480
COSTS OF SERVICES (Note 12)	**(6,943,562)**	(5,333,050)
GROSS PROFIT	**12,942,382**	8,518,430
General and administrative expenses (Note 13)	**(2,807,985)**	(3,756,380)
Interest income (Note 4 and 16)	**350,080**	217,329
Other income - net (Note 15)	**1,163,654**	604,907
INCOME BEFORE INCOME TAX	**11,648,131**	5,584,286
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 18)		
Current	**2,602,059**	1,364,474
Deferred	**222,453**	(250,326)
	2,824,512	1,114,148
NET INCOME	**8,823,619**	4,470,138
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:		
Remeasurement gain (loss) on retirement benefit plan (Note 17)	**2,123**	(243,136)
Income tax effect (Note 18)	**(531)**	60,784
	1,592	(182,352)
TOTAL COMPREHENSIVE INCOME	**₱8,825,211**	₱4,287,786

See accompanying Notes to Financial Statements.

MACONDRAY INSURANCE BROKERS CORPORATION
(A Wholly Owned Subsidiary of Macondray Philippines Co., Inc.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Capital Stock (Note 10)	Contingency Surplus (Note 10)	Remeasurement Gain (Loss) on Retirement Benefit Obligation (Note 17)	Retained Earnings (Deficit) (Note 10)	Total
January 1, 2024	₱24,569,000	₱4,000,000	₱886,781	(₱10,961,626)	₱18,494,155
Net income	–	–	–	4,470,138	4,470,138
Other comprehensive loss	–	–	(182,352)	–	(182,352)
Total comprehensive income	–	–	(182,352)	4,470,138	4,287,786
December 31, 2024	24,569,000	4,000,000	704,429	(6,491,488)	22,781,941
Net income	–	–	–	8,823,619	8,823,619
Other comprehensive income	–	–	1,592	–	1,592
Total comprehensive income	–	–	1,592	8,823,619	8,825,211
December 31, 2025	**₱24,569,000**	**₱4,000,000**	**₱706,021**	**₱2,332,131**	**₱31,607,152**

See accompanying Notes to Financial Statements.

MACONDRAY INSURANCE BROKERS CORPORATION

(A Wholly Owned Subsidiary of Macondray Philippines Co., Inc.)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱11,648,131**	₱5,584,286
Adjustments for:		
Depreciation (Notes 7 and 12)	**385,256**	387,511
Retirement benefit expense (Note 17)	**271,270**	209,429
Loss (gain) on disposal of property and equipment	**–**	3,438
Interest income (Notes 4 and 16)	**(350,080)**	(217,329)
Operating income before working capital	**11,954,569**	5,967,335
Decrease (increase) in:		
Trade receivables	**325,801**	2,108,619
Due from related parties	**(9,085,986)**	(4,776,240)
Prepayments and other current assets	**(2,478,339)**	(3,138,033)
Increase (decrease) in:		
Trade and other payables	**(3,040,222)**	613,837
Due to insurance principals	**(2,852,363)**	(14,574,696)
Due to related parties	**–**	(91,246)
Net cash used in operations	**(5,176,532)**	(13,890,424)
Interest received	**302,580**	217,329
Net cash flows used in operating activities	**(4,873,952)**	(13,673,095)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 7)	**(80,804)**	(457,367)
Increase (decrease) in other noncurrent assets	**(322,086)**	796,679
Net cash flows from (used in) investing activities	**(402,890)**	339,312
NET DECREASE IN CASH	**(5,276,842)**	(13,333,783)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**15,410,968**	28,744,751
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱10,134,126**	₱15,410,968

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Macondray Insurance Brokers Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 12, 1994 primarily to engage in, conduct, carry on and maintain insurance business, to act as broker and other related activities pertaining thereto.

The Company was registered with Insurance Commission (IC) as a broker of life and non-life insurance with license number IB-10-2019-R valid until December 31, 2021. On January 1, 2022, the Company was granted by the IC of a renewed license with license number IB-39-2022-R valid until December 31, 2024. On March 6, 2025, a renewed license with license number IB-46-2025-R, valid from January 1, 2025 to December 31, 2027, was issued to the Company.

The Company is a wholly-owned subsidiary of Macondray Philippines Co., Inc. (MPCI), the Parent Company.

The registered office address of the Company is 2263 Pasong Tamo Extension, Makati City.

The Company's financial statements as of and for the years ended December 31, 2025 and 2024 were approved and authorized for issue by the Board of Directors (BOD) on April 30, 2026.

2. Summary of Material Accounting Policies

Basis of Preparation
The financial statements have been prepared under the historical cost basis. The financial statements are presented in Philippine peso (₱), which is the Company's functional currency.

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments effective in 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these amendments did not have an impact on the consolidated financial statements of the Group.

- Amendments to Philippine Accounting Standards (PAS) 21, *Lack of exchangeability*

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

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

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statement 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;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the 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 12 months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

The Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash and Cash Equivalents

Cash includes cash on hand and cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from date of acquisition and that are subject to an insignificant risk of changes in value. They are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Fair Value Measurement

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Financial Instruments

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

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as financial assets at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under PFRS 15 (refer to Revenue from Contracts with Customers).

For a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interests (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL.

Financial assets at amortized cost
The Company measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for credit and impairment losses" in the statement of comprehensive income.

The Company's financial assets consist of cash, trade receivables and due from related parties. The Company assessed that the contractual cash flows of its debt financial assets are SPPI and are expected to be held to collect all contractual cash flows until their maturity. As a result, the Company concluded these debt financial assets to be measured at amortized cost.

Financial assets at FVOCI
A financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

The Company may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:
- the Company's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Company; and
- the amount of the dividend can be measured reliably.

Reclassifications of Financial Instruments
The Company reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Company and any previously recognized gains, losses or interest shall not be restated. The Company does not reclassify its financial liabilities.

The Company does not reclassify its financial assets when:

- A financial asset that was previously a designated and effective hedging instrument in a cash flow hedge or net investment hedge no longer qualifies as such;
- A financial asset becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge; and
- There is a change in measurement on credit exposures measured at FVTPL.

Impairment of Financial Assets
The Company applied the ECL model on the impairment of its financial assets. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company triggers its assessment whether its financial asset is in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the statements of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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

- financial liabilities measured at FVTPL;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and,
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

The Company's financial liabilities includes "Trade and other payables" (excluding statutory payables), and "Due to insurance principals,".

Financial Liabilities at Amortized Cost
After initial recognition, interest-bearing financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing financial liabilities.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit and loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Value-added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Creditable Withholding Taxes (CWTs)
CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source, subject to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within 12 months are classified as current assets; otherwise, they are presented as non-current assets.

Property and Equipment
Property and equipment is stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises of its purchase price, including import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such costs include the cost of replacing part of such property equipment when that cost is incurred and if the recognition criteria are met. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is computed using a straight-line method over the estimated useful lives of the asset. The estimated useful life of property and equipment is 3-5 years.

Category	Number of Years
Office equipment	3-5
Transportation equipment	5

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The estimated useful life and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, their cost, accumulated depreciation and any allowance for impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

Fully depreciated property and equipment are retained in the accounts until these are no longer in use.

Impairment of Other Current Assets Property and Equipment and Other Noncurrent Assets
The Company assesses at each balance sheet date whether there is an indication that other current assets property and equipment and other noncurrent assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher between an assets or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Any impairment loss is recognized in profit or loss.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Retirement Benefits
The Company has a defined retirement benefit plan which requires contributions to be made to separately administered funds.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation 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 actuarially determined by an independent using the projected unit credit method.

Defined benefit costs are comprised of service costs, net interest on the net defined benefit liability or asset and remeasurements of the defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

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

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

The Company's right to be reimbursed of some or all of the expenditures required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when, reimbursed is virtually certain.

Contingency Surplus
This represents contributions of the stockholders to cover the capital impairment and net worth deficiency.

Retained Earnings (Deficit)
Retained earnings (deficit) includes accumulated profits and losses attributable to the Company's stockholders. Retained earnings (deficit) may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue Recognition
Revenue is recognized when it satisfies an identified performance obligation by transferring a promised good or service to customer. A good or service is considered transferred when the customer obtains control. Revenue is measured at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company, determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

Revenue from Contracts with Customers
Revenue from commissions is recognized when the related services are performed and the right to consideration is established for the insurance premium from policyholders which is measured at a certain percentage based on the amount of annual premium the policy is sold for. The Company determined that for brokerage services, the promise to place or sell an insurance policy, collect premiums from policyholders and remit the amounts collected to insurance companies are considered as a single distinct performance obligation as these represent a combined output and the Company would not be able to satisfy its performance obligation by transferring each of the services independently. The Company has concluded that it transfers control over its services at a point in time, upon collection of premiums from the policyholders, because this is when the insurance companies benefit from the Company's brokerage service.

Foreign Currency-denominated Transactions
Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at the balance sheet date. Foreign exchange differences between the rates at transaction date and settlement date or balance sheet date are recognized in profit

or loss. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of warehouse space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of property and equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

<u>Income Taxes</u>
Current Income Tax
Current income tax liabilities for the current and prior periods are measured at the amount expected to be paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the balance sheet date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized in the future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized in the future. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will allow the deferred income tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognized directly in other comprehensive income is recognized in other comprehensive income.

<u>Provisions</u>
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of

the time value of money and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss in the statement of comprehensive income, net of any reimbursement.

Events After the Reporting Date

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

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards–Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity

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

3. Significant Accounting Judgment, Estimates and Assumptions

The Company's financial statements prepared in accordance with PFRS Accounting Standards require management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The judgment, 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 Company's financial statements. Actual results could differ from such estimates.

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

Judgment

Revenue Recognition

Management exercises judgment in determining whether the Company is acting as a principal or an agent. The Company has generally concluded that it is an agent in its revenue arrangements because the Company is not primarily responsible for fulfilling the promise to provide insurance coverage to policyholders. The Company has no discretion in establishing the price for insurance policies. The Company's consideration in the contracts with insurance companies is only the commission amount based on the specified percentage of premiums collected from the policyholders.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Measurement of Expected Credit Losses

The measurement of impairment, in particular, the estimation of the amount and timing of future cash flows, including collectability, collateral values and other credit enhancements, when determining impairment losses.

The Company incorporates forward-looking information in its impairment. The impairment assessment now includes elements of the impairment model which are considered significant judgement and estimates:

- The choice of inputs and the various formulas used in the impairment calculation;
- Determination of relationships between macroeconomic scenarios and economic inputs, and the effect on the impairment model; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the impairment models.

No impairment loss was recognized in 2025 and 2024. Reversal of provision for ECL amounted to ₱1,149,267 and ₱578,776 for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the carrying amounts of the Company's trade receivables and due from related parties amounted to ₱14,363,712 and ₱5,556,027, respectively (see Notes 5 and 16).

Estimating Impairment of Other Current Assets, Property and Equipment and Other Noncurrent Assets

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

An impairment loss on other current assets and property and equipment are provided when management believes that there is no expected taxable income in the future in which it can be used or when the balance can no longer be realized or collected after exhausting all efforts and courses of action.

No impairment on other current assets, property and equipment and other noncurrent assets were recognized in 2025 and 2024. The carrying value of other current assets, property and equipment, and other noncurrent assets amounted to ₱16,341,716 and ₱16,447,802 as of December 31, 2025 and 2024, respectively (see Notes 6 and 7).

Estimating Retirement Benefits
The cost of retirement benefit plans and present value of the defined benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement benefit increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each balance sheet date.

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 obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and retirement benefit increases are based on expected future Philippine inflation rates for the specific country.

Retirement benefit expense recognized in the profit or gain amounted to ₱271,270 and ₱209,429 in 2025 and 2024, respectively. In 2025, remeasurement gain on defined benefit plan recognized in other comprehensive income amounted to ₱2,123, while in 2024, remeasurement loss on defined benefit plan recognized in other comprehensive income amounted to ₱243,136. Retirement benefit obligation amounted to ₱2,194,193 and ₱1,925,046 as of December 31, 2025 and 2024, respectively (see Note 17).

Estimating Realizability of Deferred Income Tax Assets
The Company reviews the carrying amounts of deferred income tax assets at each balance sheet date and reduces the amounts to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized in the future.

The Company's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on forecasted taxable income. This forecast is based on Company's past results and future expectations on revenues and expenses. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized in the future.

The Company has deferred income tax assets on deductible temporary differences amounting to ₱1,731,052 and ₱1,953,922 as of December 31, 2025 and 2024, respectively (see Note 18).

4. Cash and Cash Equivalents

	2025	2024
Cash on hand	**₱7,000**	₱7,000
Cash in banks	**7,127,126**	15,403,968
Short term deposits	**3,000,000**	–
	₱10,134,126	₱15,410,968

Cash in banks earn interest at the respective bank deposit rates. Interest income earned on cash in banks amounted to ₱302,580 and ₱217,329 in 2025 and 2024, respectively.

5. Trade Receivables

	2025	2024
Trade	**₱4,229,169**	₱5,704,237
Less: allowance for ECL	**3,775,183**	4,924,450
	₱453,986	₱779,787

Trade receivables are noninterest-bearing and are generally on 30-day credit term.

The Company is acting as an agent as it performs brokerage of the insurance policies which are contracts between the policyholders and the insurance companies as the principal.

Set out below is the movement in the allowance for ECL of trade receivables:

	2025	2024
Balances at beginning of year	**₱4,924,450**	₱5,503,226
Reversal of ECL (see Note 15)	**(1,149,267)**	(578,776)
Balances at end of year	**₱3,775,183**	₱4,924,450

6. Prepayments and Other Current Assets

	2025	2024
CWTs	**₱2,331,988**	₱2,155,269
Prepaid insurance	**655,188**	973,730
Advances to suppliers	**175,683**	225,687
Advances subject to liquidation	**128,875**	126,593
Others	**107,359**	41,534
	₱3,399,093	₱3,522,813

The noncurrent portion of CWTs is lodged under “Other noncurrent assets” amounting to ₱12,512,490 and ₱12,190,404 as of December 31, 2025 and 2024, respectively.

Advances subject to liquidation are cash advances to officers and employees for business-related expenses and are to be liquidated within one year.

Others mainly include rental deposits and other prepaid expenses.

7. Property and Equipment

2025

	Office Equipment	**Transportation Equipment**	**Total**
Cost:			
Balances at beginning of year	**₱1,007,275**	**₱779,429**	**₱1,786,704**
Additions	**80,804**	**–**	**80,804**
Disposals	**(36,515)**	**–**	**(36,515)**
Balances at end of year	**1,051,564**	**779,429**	**1,830,993**
Accumulated depreciation:			
Balances at beginning of year	**612,140**	**439,979**	**1,052,119**
Depreciation (see Note 12)	**385,256**	**–**	**385,256**
Disposals	**(36,515)**	**–**	**(36,515)**
Balances at end of year	**960,881**	**439,979**	**1,400,860**
Net book values	**₱90,683**	**₱339,450**	**₱430,133**

2024

	Office Equipment	Transportation Equipment	Total
Cost:			
Balances at beginning of year	₱912,541	₱713,000	₱1,625,541
Additions	390,938	66,429	457,367
Disposals	(296,204)	–	(296,204)
Balances at end of year	1,007,275	779,429	1,786,704
Accumulated depreciation:			
Balances at beginning of year	672,174	285,200	957,374
Depreciation (see Note 12)	232,732	154,779	387,511
Disposals	(292,766)	–	(292,766)
Balances at end of year	612,140	439,979	1,052,119
Net book values	₱395,135	₱339,450	₱734,585

8. Trade and Other Payables

	2025	2024
Trade	**₱5,783,049**	₱8,151,043
Accrued expenses	**718,765**	581,946
Output VAT	**509,129**	480,177
Customer deposits	**–**	836,298
Others	**60,017**	61,718
	₱7,070,960	₱10,111,182

Trade payables are noninterest-bearing and are normally settled on a 30-day term.

Accrued expenses consist mainly of utilities accrual, employee benefits and professional fees, among others.

Others consist mainly of statutory payables such as Social Security System premiums, health insurance and other liabilities to the government.

9. Due to Insurance Principals

Due to insurance principals pertain to premiums collected from policyholders but not yet remitted to insurance principals. These are noninterest-bearing and are generally settled on 30-day term.

The balance of due to insurance principals as of December 31, 2025 and 2024 amounted to ₱1,459,797 and ₱4,312,160, respectively.

10. Equity

Capital Stock
As of December 31, 2025 and 2024, the Company has a total authorized capital stock of 300,000 shares at ₱100 par value and 245,690 shares issued and outstanding.

As of December 31, 2025 and 2024, the Company has one stockholder holding at least one hundred (100) shares of its issued and outstanding capital stock.

Capital Management
The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business, pay existing obligations and maximize shareholder value.

Under Insurance Commission Circular Letter No. 2018-52, the Company is required to maintain a net worth of ₱10,000,000. The foregoing capitalization and net worth requirements shall be without prejudice to the adoption of the risk-based capital approach and other internationally accepted forms of capital framework.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may obtain additional advances from stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2025 and 2024.

As of December 31, 2025 and 2024, the following are the Company's core economic capital:

	2025	2024
Capital stock	**₱24,569,000**	₱24,569,000
Contingency surplus	**4,000,000**	4,000,000
Retained earnings (deficit)	**2,332,131**	(6,491,488)
	₱30,901,131	₱22,077,512

11. Revenue

	2025	2024
Commission income		
Line of insurance:		
Property insurance	**₱9,440,511**	₱5,783,780
Liability insurance	**7,531,277**	2,714,370
Motor vehicle insurance	**1,683,080**	1,429,530
Personal accident insurance	**807,417**	810,954
Others	**423,659**	434,275
Service income	**–**	2,678,571
	₱19,885,944	₱13,851,480

Others include engineering, marine, special, and life insurances.

Service income pertains to the risk management studies provided by the Company to the assured.

12. Costs of Services

	2025	2024
Employee-related expense (see Note 14)	**₱3,399,581**	₱2,809,931
Commission	**2,315,790**	1,505,816
Transportation and travel	**470,938**	233,468
Depreciation (see Note 7)	**385,256**	387,511
Communication	**272,707**	238,447
Repairs and maintenance	**35,837**	27,946
Others	**63,453**	129,931
	₱6,943,562	₱5,333,050

13. General and Administrative Expenses

	2025	2024
Rentals (see Note 16)	**₱958,627**	₱885,043
Service fees (see Note 16)	**602,645**	1,406,700
Insurance	**384,525**	280,187
Taxes and licenses	**203,341**	724,016
Professional fees	**144,000**	144,000
Utilities	**86,588**	88,080
Subscription and dues	**53,415**	22,191
Office supplies	**34,640**	42,712
Others	**340,204**	163,451
	₱2,807,985	₱3,756,380

14. **Employee-Related Expenses**

	2025	2024
Salaries, wages and allowances	**₱2,215,922**	₱1,894,258
Retirement benefits (see Note 17)	**271,270**	209,429
Other employee benefits	**912,389**	706,244
	₱3,399,581	₱2,809,931

15. **Other Income - Net**

	2025	2024
Reversal of ECL (see Note 5)	**₱1,149,267**	₱578,776
Foreign exchange gains (loss) - net	**(2,001)**	16,692
Others	**16,388**	9,439
	₱1,163,654	₱604,907

16. **Related Party Transactions**

Parties are considered to be related if one party has the ability to control, directly or indirectly, 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.

The Company's related party transactions are as follows:

a. The Company leases its office space from Lapanday Philippines Properties, Inc. (LPPI), an entity under common control. The lease agreement is renewable upon the agreement of both parties.

   The lease agreement did not qualify as a lease following the requirements of PFRS 16 as the contract does not provide the right to substantially all of the economic benefits from the use of the asset.

	2025		2024			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Year	Outstanding Balance	Terms	Condition
Under common control						
LPPI	**₱958,627**	**₱–**	₱885,043	₱–	30-day term; noninterest-bearing; to be paid in cash	Unsecured

   The total transactions during the year are included in "Rentals" account under "General and administrative expense" in the statements of comprehensive income (see Note 13).

b.

	2025		2024			
	Transactions During the Year	**Outstanding Balance**	Transactions During the Year	Outstanding Balance	Terms	Condition
Due from related parties						
Macondray Philippines Co., Inc. (MPCI)						
Advances	**₱4,085,986**	**₱8,862,226**	₱4,867,485	₱4,776,240	30-day term; noninterest-bearing; to be paid in cash	Unsecured
Macondray Plastics Products Inc. (MPPI)						
Loans	**5,000,000**	**5,000,000**	–	–	360-day term; interest-bearing; to be paid in cash	Unsecured
Interest on loans	**47,500**	**47,500**	–	–		
		₱13,909,726		₱4,776,240		

Cash advances made by the Company to MPCI form part of its working capital requirements.

In 2025, MIBC granted loan to MPPI carrying an annual interest rate of 6%. The loan is subject to agreed-upon terms, including defined principal and interest repayment schedules. Interest income recognized for the year amounted to ₱47,500.

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c. Administrative expenses charged to the Company by MPCI for 2025 and 2024 are nil and ₱1,071,429, respectively. This is lodged under "Service fees" account in general and administrative expenses in the statements of comprehensive income (see Note 13).

d. Compensation of key management personnel are as follows:

	2025	2024
Salaries and other employee benefits	**₱924,052**	₱840,509
Post-employment benefits	**75,000**	63,800
	₱999,052	₱904,309

17. Retirement Benefits

The Company has a funded, noncontributory defined retirement benefit plan (the Plan) covering substantially all regular employees. Benefits are dependent on the years of service and the respective employee's compensation. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. There was no plan of termination, curtailment or settlement for the years ended December 31, 2025 and 202.

Under the existing regulatory framework, Republic Act No. 7641 (RA) also known as *The Philippine Retirement Pay Law,* requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Movements in retirement benefit obligation are as follows:

2025

	Retirement Benefit Expense in Profit or Loss					Remeasurement Loss in Other Comprehensive Income					
	January 1, 2025	Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Return on Plan Assets (excluding amount included in net interest)	Actuarial Changes Arising From Changes in Demographic Assumptions	Actuarial Changes Arising From Changes in Financial Assumptions	Experience Adjustments	Subtotal	December 31, 2025
Present value of defined benefit obligation	**₱2,130,694**	**₱154,612**	**₱129,120**	**₱283,732**	**₱–**	**₱–**	**₱–**	**₱103,690**	**(₱81,803)**	**₱21,887**	**₱2,436,313**
Fair value of plan assets	**(205,648)**	**–**	**(12,462)**	**(12,462)**	**–**	**(24,010)**	**–**	**–**	**–**	**(24,010)**	**(242,120)**
Retirement benefit obligation	**₱1,925,046**	**₱154,612**	**₱116,658**	**₱271,270**	**₱–**	**(₱24,010)**	**₱–**	**₱103,690**	**(₱81,803)**	**(₱2,123)**	**₱2,194,193**

2024

	Retirement Benefit Expense in Profit or Loss					Remeasurement Gain (Loss) in Other Comprehensive Income					
	January 1, 2024	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Return on Plan Assets (excluding amount included in net interest)	Actuarial Changes Arising From Changes in Demographic Assumptions	Actuarial Changes Arising From Changes in Financial Assumptions	Experience Adjustments	Subtotal	December 31, 2024
Present value of defined benefit obligation	₱1,667,610	₱ 125,887	₱99,997	₱225,884	₱–	₱–	₱–	₱4,683	₱232,517	₱237,200	₱2,130,694
Fair value of plan assets	(195,129)	–	(16,455)	(16,455)	–	5,936	–	–	–	5,936	(205,648)
Retirement benefit obligation	₱1,472,481	₱ 125,887	₱83,542	₱209,429	₱–	₱5,936	₱–	₱4,683	₱232,517	₱243,136	₱1,925,046

The major categories of plan assets as percentage of fair value of the total plan assets are as follows:

	2025	2024
Cash and cash equivalents	**2.4%**	1.9%
Investments in government securities	**84.3%**	91.1%
Others	**13.3%**	7.0%

The Plan's assets and investments consist of the following:

- Cash and cash equivalents include regular deposit and time deposits;
- Investments in government securities consist of fixed rate treasury notes and retail treasury bonds;
- Other financial assets held are primarily interest and dividends receivable.

The Plan's assets and investments are valued by the Trustee at fair value using the mark-to-market valuation. While no significant changes in asset allocation are expected in 2025, the Trustee may make changes at any time.

The principal actuarial assumptions used to determine the retirement benefit obligation are as follows:

	2025	2024
Discount rate	**6.44%**	6.06%
Salary increase rate	**6.00%**	5.00%

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

	2025		2024	
	Basis Points	**Increase (Decrease)**	Basis Points	Increase (Decrease)
Discount rate	**+100**	**(₱149,055)**	+100	(₱132,570)
	-100	**171,257**	-100	150,385
Salary increase rate	**+100**	**177,321**	+100	156,698
	-100	**(156,930)**	-100	(140,343)
Turnover rate	**+120**	**(11,934)**	+120	(5,748)
	-80	**12,686**	-80	6,083

The Retirement Plan Trustee has no specific matching strategy between the plan assets and the plan liabilities.

The Company is not required to pre-fund the future defined benefit obligation under the Plan before they become due. For this reason, the amount and timing of contributions to the Plan is at the Company's discretion. However, in the event a benefit claim arises and the Plan is insufficient to pay the claim, the shortfall will then be due and payable from the Company to the Plan.

The Company expects to contribute ₱276,145 to the retirement fund in 2026.

The average duration of the defined benefit obligation as of December 31, 2025 and 2024 are 12.63 years and 11.41 years, respectively.

The expected benefit payment assumes that all actuarial assumptions are based on the latest actuarial valuation obtained. Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2025 and 2024:

	2025	2024
Less than one year	**₱86,328**	₱75,621
One to less than five years	**2,593,856**	2,597,375
Five to less than 10 years	**206,515**	145,373
10 to less than 15 years	**724,572**	564,743
15 to less than 20 years	**2,680,249**	451,832
20 years and above	**7,172,652**	5,489,520
	₱13,464,172	₱9,324,464

18. Income Taxes

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

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

	2025	2024
Income tax at statutory rate of 25%	**₱2,912,032**	₱1,396,072
Additions to (reductions in) income tax resulting from:		
Interest income subjected to final tax	**(87,520)**	(54,332)
Changes in recognized deferred income tax assets	–	(351,106)
Nondeductible expenses	–	123,514
	₱2,824,512	₱1,114,148

The components of the Company's deferred income tax assets and liabilities are as follows:

	2025	2024
Deferred income tax assets recognized in profit or loss:		
Allowance for expected credit losses on receivables	**₱943,795**	₱1,231,112
Retirement benefit obligation	**783,887**	716,071
Unamortized past service cost	**3,370**	6,739
	1,731,052	1,953,922

forward

Deferred income tax liability recognized in profit or loss on unrealized foreign exchange gain	**₱3,164**	₱3,580
Deferred income tax liability recognized in other comprehensive income on remeasurement gain on defined benefit plan	**235,340**	234,810
	238,504	238,390
Net deferred income tax assets	**₱1,492,548**	₱1,715,532

19. **Financial Risk Management Objectives and Policies**

The Company's financial instruments comprise of cash and cash equivalents, trade receivables, due from related parties, trade and other payables and due to insurance principals.

The BOD has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The Company's financial risk management policies are established to identify and manage the Company's exposure to financial risks, to set appropriate transaction limits and controls and to monitor and assess risks and compliance to internal control policies. Financial risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to credit risk and liquidity risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks.

The carrying values of the Company's financial assets and liabilities per category are as follows:

	2025	
	Financial Assets at Amortized Cost	**Financial Liabilities at Amortized Cost**
Cash and cash equivalents	**₱10,134,126**	**₱–**
Trade receivables	**453,986**	**–**
Due from related parties	**13,909,726**	**–**
Trade and other payables*	**–**	**6,504,367**
Due to insurance principals	**–**	**1,459,797**
	₱24,497,838	**₱7,964,164**

**Excluding statutory payables of ₱566,593*

	2024	
	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost
Cash and cash equivalents	₱15,410,968	₱–
Trade receivables	779,787	–
Due from related parties	4,776,240	–
Trade and other payables*	–	9,569,287
Due to insurance principals	–	4,312,160
	₱20,966,995	₱13,881,447

**Excluding statutory payables of ₱541,895*

Credit Risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables. The Company trades only with recognized, creditworthy counterparties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit

verification procedures. In addition, financial assets are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company grants advances to its related parties after the BOD reassessed the Company's strategies for managing credits and view that they remain appropriate for the Company's circumstances. In addition, these advances are monitored on an ongoing basis with the result that the Company's exposure to account discrepancies is not significant.

Credit quality per class of the Company's financial assets are as follows:

	2025			
	Cash and cash equivalents	**Trade Receivables**	**Due from related parties**	**Total**
High grade	**₱10,127,126**	**₱–**	**₱–**	**₱10,127,126**
Standard grade	**–**	**453,986**	**13,909,726**	**14,363,712**
Substandard grade	**–**	**–**	**–**	**–**
Past Due But Not Impaired	**–**	**–**	**–**	**–**
Impaired	**–**	**3,775,183**	**–**	**3,775,183**
Total	**₱10,522,273**	**₱4,229,169**	**₱13,909,726**	**₱28,266,021**

**Excluding cash on hand of ₱7,000.*

	2024			
	Cash and cash equivalents	Trade Receivables	Due from related parties	Total
High grade	₱15,403,968	₱–	₱–	₱15,403,968
Standard grade	–	779,787	4,776,240	5,556,027
Substandard grade	–	–	–	–
Past Due But Not Impaired	–	–	–	–
Impaired	–	4,924,450	–	4,924,450
Total	₱15,403,968	₱5,704,237	₱4,776,240	₱25,884,445

**Excluding cash on hand of ₱7,000.*

As of December 31, 2025 and 2024, the Company's financial assets are neither past due nor impaired, indicating that these balances are considered fully collectible. The Company's financial assets at amortized cost consist of cash and cash equivalents, trade receivables, and amounts due from related parties. The balances as of December 31, 2025 and 2024 are as follows:

	2025	2024
Cash and cash equivalents*	**₱10,127,126**	₱15,403,968
Trade receivables**	**453,986**	779,787
Due from related parties	**13,909,726**	4,776,240
	₱24,490,838	₱20,959,995

**Excluding cash on hand ₱7,000 for both years.*
***Including impaired amounting to ₱3,775,183 and ₱4,924,450 for 2025 and 2024, respectively.*

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Company's credit standing.

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. The stockholders provide the Company's funding requirements as needed. Based on the Company's assessment, the carrying values of cash and cash equivalents, trade receivables and due from amounting to ₱24,497,838 and ₱20,966,995 as of December 31, 2025 and

2024, respectively, are readily available for liquidity purposes.

The outstanding balances of trade and other payables, and due to insurance principals as of December 31, 2025 and 2024 are either due and demandable or payable within a year.

Fair Value of Financial Instruments
The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash and Cash Equivalents, Trade Receivables, Due from Related Parties, Trade and Other Payables, and Due to Insurance Principals
The carrying values of cash and cash equivalents, trade receivables, due from related parties, trade and other payables, and due to insurance principals approximate their fair values due to short-term maturities of these financial instruments.

20. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued for the year ended December 31, 2025:

a. Output VAT

The Company is a VAT-registered company with VAT output tax declaration of ₱2,385,826 for the year ended December 31, 2025 based on the amount of ₱19,881,887 lodged under "Revenue" in the statement of comprehensive income.

b. Input VAT

Balance at January 1, 2025	₱–
Current year's domestic purchases/payments or importations of:	
Services lodged under cost of services and other accounts	641,294
Goods other than for resale/manufacture or further processing	–
	641,294
Applied against output VAT	641,294
Balance at December 31, 2025	₱–

c. Other taxes and licenses presented under "General and administrative expenses" account in the statement of comprehensive income are as follows:

Local:	
License and permit fees	₱161,481
Others	16,860
National:	
Filing fee with the Insurance Commission	25,000
	₱203,341

d. The amount of withholding taxes paid/accrued for the year amounted to:

Expanded withholding taxes	₱218,404
Withholding taxes on compensation and benefits	122,559
	₱340,963

e. The Company has no on-going tax assessments as of December 31, 2025.

BERMUDEZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
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Supplemental Statement of Independent Auditor

The Board of Directors
MACONDRAY INSURANCE BROKERS CORPORATION
(A Wholly-owned Subsidiary of Macondray Philippines Co., Inc.)
2263 Pasong Tamo Extension, Makati City

We have audited the financial statements of MACONDRAY INSURANCE BROKERS CORPORATION for the year ended December 31, 2025 on which we have rendered the attached report dated April 30, 2026.

In compliance with the Revised SRC Rule 68, we are stating that the said company has one (1) stockholder owning one hundred (100) or more shares each as of December 31, 2025, as disclosed in the notes to the financial statements.

BERMUDEZ & ASSOCIATES,
Certified Public Accountants

Gil C. Bermudez
Partner
CPA Reg. No. 0059357
TIN 169-302-027-000
PTR No. 8205056, January 6, 2026, Quezon City
Firm BOA No. 9039, valid until October 21, 2026
BIR No. 07-100662-002-2024, valid until June 22, 2026
SEC Partner No. 59357-SEC, valid for 2022 to 2026 FS
SEC Firm No. 9039-SEC, valid for 2022 to 2026 FS
IC No. IC-EA-2024-0004-N valid for audit years 2024-2026
BSP Group C, valid for audit years 2024 to 2028

Unit 502 Milandre Center, Quezon Avenue, Quezon City
April 30, 2026
April 30, 2026