



SECURITIES AND EXCHANGE COMMISSION

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DACON INSURANCE BROKERS, INC.

DACON Bldg. 2281 Pasong Tamo Ext.,
Brgy. Magallanes, Makati City

FINANCIAL REPORTS

December 31, 2025 and 2024

DACON INSURANCE BROKERS, INC.

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

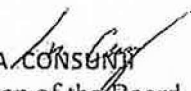
The management of **DACON INSURANCE BROKERS, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2025, in accordance with the prescribed financial reporting framework indicated therein, and 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.

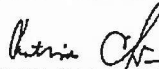
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

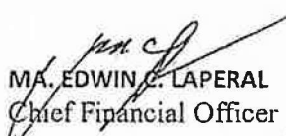
The Board of Directors or Trustees is responsible for overseeing the Company's financial reporting process.

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

Banaria, Banaria and Company, CPAs, the independent auditor appointed by the stockholders for the period December 31, 2025, have audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders or members, have expressed their opinion on the fairness of presentation upon completion of such audit.


JORGE A. CONSUNJI
Chairman of the Board


MARIA CRISTINA G. GOTIANUN
President


MA. EDWIN C. LAPERAL
Chief Financial Officer

Signed this 13th day of February 2026

DACON INSURANCE BROKERS, INC.

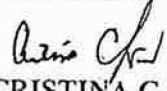
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

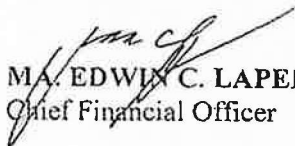
The Management of **DACON INSURANCE BROKERS, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of **DACON INSURANCE BROKERS, INC.** complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's book and records with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the **DACON INSURANCE BROKERS, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


JORGE A. COXSUNJI
Chairman of the Board


MARIA CRISTINA C. GOTIANUN
President


MA. EDWIN C. LAPERAL
Chief Financial Officer

Signed this 13th day of February 2026

SUPPLEMENTAL WRITTEN STATEMENT OF INDEPENDENT AUDITORS

**The Stockholders and the Board of Directors
DACON INSURANCE BROKERS, INC.
DACON Bldg. 2281 Pasong Tamo Ext.,
Brgy. Magallanes, Makati City**

We have audited the financial statements of **DACON INSURANCE BROKERS, INC.**, for the year ended December 31, 2025, on which we have rendered the attached report dated February 13, 2026.

In compliance with the Revised SRC Rule 68, we are stating that the above Company has only two (2) stockholders owning one hundred (100) or more shares each.

BANARIA, BANARIA AND COMPANY, CPAs

By: 
GRACIA SEVERA A. BANARIA-ESPIRITU
Partner
CPA Certificate No. 27621
Tax Identification No. 131-938-548
PTR No. 8392597, January 9, 2026, Quezon City
CTC No. 12233928, January 21, 2026, Quezon City
BOA Accreditation No. 0030, valid until August 20, 2027 (Firm)
BOA Accreditation No. 002, valid until August 20, 2027 (Partner)
BIR Accreditation No. 07-000089-004-2023, valid until July 14, 2026 (Firm)
BIR Accreditation No. 07-000088-004-2023, valid until July 14, 2026 (Partner)
IC Accreditation No. 27621-IC, Group A valid until October 27, 2027 (Partner)
IC Accreditation No. 0030-IC, Group A valid until October 27, 2027 (Firm)

February 13, 2026

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
DACON INSURANCE BROKERS, INC.
DACON Bldg. 2281 Pasong Tamo Ext.,
Brgy. Magallanes, Makati City

Opinion

We have audited the financial statements of **DACON INSURANCE BROKERS, INC.** ("the Company"), which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in stockholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Philippine Ethics Standards Board for Accountants (PESBA Code) together with the ethical requirements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Philippine Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 disclosure 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits.

Report on Legal and Other Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits 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.

Other Matters

The financial statements as of and for the year ended December 31, 2024, were audited by another auditor who has issued an unqualified opinion on April 11, 2025. The prior year's balances were presented for comparative purposes but never part of the current year's balances.

BANARIA, BANARIA AND COMPANY, CPAs

By:


GRACIA SEVERA A. BANARIA-ESPIRITU
Partner
CPA Certificate No. 27621
Tax Identification No. 131-938-548
PTR No. 8392597, January 9, 2026, Quezon City
CTC No. 12233928, January 21, 2026, Quezon City
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IC Accreditation No. 27621-IC, Group A valid until October 27, 2027 (Partner)
IC Accreditation No. 0030-IC, Group A valid until October 27, 2027 (Firm)

February 13, 2026

DACON INSURANCE BROKERS, INC.
STATEMENT OF FINANCIAL POSITION
As of December 31, 2025
(With Comparative Figures for 2024)
(All Amounts in Philippine Peso)
(Centavo Omitted)

				<i>As restated</i>
	Note	2 0 2 5		2 0 2 4
<u>A S S E T S</u>				
CURRENT ASSETS				
Cash and cash equivalents	6	P 171,476,913	P	103,249,384
Trade receivables	7	12,369,540		6,798,561
Other current assets	9	<u>10,237,520</u>		<u>9,318,278</u>
Total		<u>194,083,973</u>		<u>119,366,223</u>
NON-CURRENT ASSETS				
Long-term Investments	8	<u>14,999,603</u>		<u>-</u>
TOTAL ASSETS		<u><u>P 209,083,576</u></u>	P	<u><u>119,366,223</u></u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>				
CURRENT LIABILITIES				
Trade and other payables	10	P 4,106,689	P	483,903
Other current liabilities	11	4,250,228		1,277,605
Dividends payable	12	<u>-</u>		<u>10,000,000</u>
TOTAL LIABILITIES		<u>8,356,917</u>		<u>11,761,508</u>
TOTAL STOCKHOLDERS' EQUITY (Exhibit C)		<u>200,726,659</u>		<u>107,604,715</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u><u>P 209,083,576</u></u>	P	<u><u>119,366,223</u></u>

(See accompanying notes to financial statements)

EXHIBIT A

DACON INSURANCE BROKERS, INC.
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2025
(With Comparative Figures for 2024)
(All Amounts in Philippine Peso)
(Centavo Omitted)

	Notes	2 0 2 5	2 0 2 4
REVENUE	14,22	P 103,602,942	P 79,106,212
DIRECT COST	15,22	(6,216,177)	(26,597,004)
GROSS INCOME		97,386,765	52,509,208
OTHER INCOME	17	8,428,071	2,513,415
ADMINISTRATIVE EXPENSES	16	(11,952,670)	(983,575)
INCOME BEFORE INCOME TAX		93,862,166	54,039,048
PROVISION FOR INCOME TAX	18	(16,140,222)	(7,876,381)
INCOME FOR THE YEAR (To Exhibit C)		<u>P 77,721,944</u>	<u>P 46,162,667</u>
EARNINGS PER SHARE		<u>5</u>	<u>46</u>

(See accompanying notes to financial statements)

EXHIBIT B

DACON INSURANCE BROKERS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Year Ended December 31, 2025
(With Comparative Figures for 2024)
(All Amounts in Philippine Peso)
(Centavo Omitted)

			<i>As restated</i>
	<u>Note</u>	<u>2 0 2 5</u>	<u>2 0 2 4</u>
CAPITAL STOCK	13		
Authorized 1,000,000 common shares, P1.00 par value per share			
Issued and outstanding – 1,000,000 common shares		1,000,000	1,000,000
Issuance during the year – 15,400,000 shares @ P1.00 / share		<u>15,400,000</u>	<u>-</u>
Subscribed and paid-up		<u>16,400,000</u>	<u>1,000,000</u>
ADDITIONAL PAID-IN CAPITAL		<u>9,000,000</u>	<u>9,000,000</u>
RETAINED EARNINGS	13		
Balance – beginning		97,604,715	51,442,048
Income for the period (Exhibit B)		<u>77,721,944</u>	<u>46,162,667</u>
Balance – ending		<u>175,326,659</u>	<u>97,604,715</u>
TOTAL EQUITY (To Exhibit A)		<u><u>P 200,726,659</u></u>	<u><u>P 107,604,715</u></u>

(See accompanying notes to financial statements)

EXHIBIT C

DACON INSURANCE BROKERS, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025
(With Comparative Figures for 2024)
(All Amounts in Philippine Peso)
(Centavo Omitted)

			<i>As restated</i>
	<u>Notes</u>	<u>2 0 2 5</u>	<u>2 0 2 4</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before income tax		P 93,862,166	P 54,039,048
Adjustment to reconcile net income to net cash provided			
Interest income	6,17	(5,359,929)	(2,513,415)
Prior period adjustments		<u>-</u>	<u>(22,154,727)</u>
Operating income before working capital changes		<u>88,502,237</u>	<u>29,370,906</u>
Decrease (increase) in:			
Trade receivables	7	(5,570,979)	87,017,216
Other current assets	9	(919,242)	(1,688,467)
Increase (decrease) in:			
Trade and other payables	10	3,622,786	(58,072,705)
Other current liabilities	11	<u>2,972,623</u>	<u>(5,636,567)</u>
Cash generated from operations		88,607,425	50,990,383
Income taxes paid	18	(<u>16,140,222</u>)	(<u>7,876,381</u>)
Net cash provided by operating activities		<u>72,467,203</u>	<u>43,114,002</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	6,17	5,359,929	2,513,415
Long-term investment	8	(<u>14,999,603</u>)	<u>-</u>
Net cash provided by (used in) investing activities		(<u>9,639,674</u>)	<u>2,513,415</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of capital stock	13	15,400,000	-
Cash dividend paid	12	(<u>10,000,000</u>)	<u>-</u>
Net cash provided by financing activities		<u>5,400,000</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		68,227,529	45,627,417
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>103,249,384</u>	<u>57,621,967</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u><u>P 171,476,913</u></u>	<u><u>P 103,249,384</u></u>

(See accompanying notes to financial statements)

EXHIBIT D

DACON INSURANCE BROKERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025
(With Comparative Figures for 2024)
(All Amounts in Philippine Peso)
(Centavo Omitted)

Note 1 - CORPORATE INFORMATION

1.1 In General

DACON INSURANCE BROKERS, INC. (the "Company") was incorporated and registered with the Securities and Exchange Commission (SEC) on April 25, 1989 under SEC Reg. No. 162721. As an insurance broker, it is authorized to solicit life and non-life insurance business by the Insurance Commission.

The Company is being managed by Dacon Corporation and as such, it renders management services which include utilization of the Company's resources and personnel to achieve the overall policies and objectives of the Company. Dacon Corporation, in return, receives monthly management fee based on the monthly gross commissions earned.

The Company's principal office is located at Dacon Corporation, 2281 Don Chino Roces Avenue Extension, Makati City.

1.2 Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2025 were approved and authorized for issue by the Board of Directors on February 13, 2026.

1.3 Status of Operation

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

Note 2 - BASIS OF PRESENTATION AND PREPARATION

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including the SEC provisions.

Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, except where a Financial Reporting Standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and change in fair value of the consideration received in exchange for incurring a liability.

The financial statements have been presented in Philippine Peso, which is the functional currency of the Company. All values are rounded to the nearest peso, except when otherwise indicated.

Use of Estimates and Judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Company's significant accounting policies and estimates and the application of these policies and estimates. The estimates and assumptions are reviewed on an ongoing basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Changes in 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.

Current versus Non-current Classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

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 reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The terms of the liability that could, at the opinion of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The company classifies all other liabilities as non-current.

Note 3 - ADAPTATION OF NEW AND REVISED ACCOUNTING STANDARDS

Changes in Accounting Policies

Except for the following standards and amended PFRS which were adopted as of January 1, 2024, the accounting policies and methods of computation adopted in the preparation of the financial statements are consistent with those followed in the previous financial year.

Effective 2024

- Amendments to PFRS 16, Lease Liability in a Sale and Leaseback – The amendments pertain to the addition of subsequent measurement requirements for sale and leaseback transactions.
- Amendments to PAS 1, Non-current Liabilities with Covenants – The amendments improve the information an entity provides when its right to defer settlement of liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

Effective 2025

- Amendments to PFRS 17, Insurance Contracts – The main changes resulting from Amendments to PFRS 17 are:
- Deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2023, and change the fixed expiry date for the temporary exemption in PFRS 4 Insurance Contracts from applying PFRS 9 Financial Instruments, so that entities would be required to apply PFRS 9 for annual periods beginning on or after January 1, 2023.
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.
- Clarification of the application of PFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.
- Clarification of the application of contractual service margin attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.
- Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held.
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.

- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
- Several small amendments regarding minor application issues.

Mandatory Date Yet to be Determined

- (i) Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*. This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Company.

Deferred Effectivity

Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the PASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

NOTE 4 - MATERIAL ACCOUNTING POLICY INFORMATION

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

Financial Instruments

Date of recognition

The Company recognizes a financial assets or liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument.

Initial Recognition and Measurement

Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). The initial measurement of all financial instruments, except for financial instruments classified as fair value through profit or loss (FVPL), includes transaction cost.

Financial assets

In the case of regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through profit or loss (financial assets at FVPL) and (c) financial assets at fair value through other comprehensive income (financial assets at FVOCI). The classification of financial asset largely depends on the Company's business model and its contractual cash flow characteristics.

The Company does not have financial assets measured at FVPL and FVOCI.

Financial assets at amortized cost

A financial asset should be measured at amortized cost if both of the following conditions are met:

- the financial asset is held with a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are Included under current assets if realizability or collectability is within 12 months after the reporting year. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, this category includes cash and cash equivalents and trade receivables.

a) Cash and cash equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

b) Trade and other receivables

Trade receivables represent amounts receivable from policyholders/clients for payment of insurance premium to the insurance company. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

Impairment

Under PFRS 9, the Company recognizes an allowance for expected credit loss (ECL) for all debt instruments not measured at FVPL. Expected credit loss 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach in measuring ECL. Simplified approach requires that ECL should always be based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as forecast direction of conditions at the reporting date, including time value of money, where appropriate.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting year following the change in business model (reclassification date).

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

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

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in other comprehensive income, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the financial asset using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss should be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

Derecognition

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

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Classification

The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost or (b) financial liabilities at FVPL.

As at reporting date, the Company does not have financial liabilities measured at FVPL.

Financial liabilities at amortized cost

Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2025 and 2024, trade and other payables are classified in this category.

Derecognition

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

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

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

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

Classification of financial instrument between liability and equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Equity

Capital stock and additional paid-in capital

Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value of shares is credited to additional paid-in capital.

Retained earnings

Retained earnings represent the cumulative balance of net income or loss, dividend distributions, correction of prior year errors, effects of changes in accounting policy and other capital adjustments.

Dividend distribution

Dividend distribution to the Company's stockholders is recognized as a liability and deducted from equity in the year in which the dividends are declared as approved by the Company's BOD. Dividends that are approved after the reporting year are dealt with as an event after the reporting year.

Revenue recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

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

Commission income

Commission income or placement fees earned by the Company are earned at point in time when the terms of the insurance policy have been agreed contractually by the insurer and the policyholder and the insurer has a present right to payment from the policyholder (contract date). Contract date is the date the insurance policy incepts or is the effective date of the insurance coverage.

Interest income

Revenue is recognized as the interest accrues, taking into account the effective yield of the asset.

Cost and expenses

Expenses are recognized in the income statement when a decrease in the future economic benefit related to a decrease in asset or an increase of a liability has arisen that can be measured reliably. Cost and expenses are recognized in the following manner.

- On the basis of a direct association between costs incurred and the earning of specific items of income;
- On the basis of a systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and association with income can only be broadly or indirectly determined; or
- Immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset;
- Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Company.

Income taxes

Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at end of the reporting year.

Deferred Tax

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of reporting year.

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

Deferred tax relating to Items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Value-added tax

Value-added tax (VAT).

Revenue, expenses and assets are recognized, net of the amount of VAT, except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority; or
- receivables and payables that are stated with the amount of tax included.

The net amount of VAT payable to the taxation authority is included as part of "Other current liabilities" account in the statement of financial position.

Related party relationship and transactions

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

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

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

Earnings per share

The Company presents basic and diluted earnings per share. Basic earnings per share are calculated by dividing the net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated in the same manner, adjusted for the effects of all dilutive potential common shares.

The Company has no dilutive potential common shares.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

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

Events after the reporting date

Events after the reporting date that provide additional information about the Company's financial position at the end of the reporting year (adjusting events) are reflected in the financial statements when material. Events after the reporting date that are non-adjusting events are disclosed in the notes to financial statements when material.

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in accordance with PFRS requires the Company to make Judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgement

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

Revenue from contracts with customers

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contract with customers.

- a) *Identifying contracts with customer*
Brokerage contracts entered into by the Company consist of a mixture of different types of contractual arrangements depending on the type of coverage and terms of business arrangements among others.
- b) *Identifying performance obligation in the contract*
The brokerage services provided by the Company resulting in the placement of the policy are considered by the Company as a single performance obligation, in consideration of a placement fee or commission income.
- c) *Determining the transaction price*
Commissions are ranging from 2.5% – 30% of insurance premium depending on the type of coverage or risk, and on the location of the insured property or person. Example of the type of risk are own damage, theft, acts of god and personal accident. These percentages are provided in a letter from the Insurer to the Company.
- d) *Allocation of the transaction price*
Due to the mixture of different types of contractual arrangements with clients such as placement of a single policy or multiple policies, the Company allocates the consideration of such arrangements to the individual performance obligations based on the relative selling prices which represent their relative fair value.
- e) *Recognizing revenue*
Commission income or placement fees earned by the Company are earned at a point in time when the terms of the insurance policy have been agreed contractually by the insurer and the policy holder and the insurer has the present right to payment from the policyholder (contract date). The contract date is the date the insurance policy incepts or is the effective date of the insurance policy.

Estimates and assumptions

The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results could differ from those estimates. Presented below are the relevant significant estimates performed by management in preparing the financial statements.

Assessing expected credit losses on trade receivables

Expected credit losses are provided for potentially uncollectible receivables. An evaluation of receivables, designed to identify potential charges to the allowance, is performed on a continuous basis throughout the year. The Company maintains allowance for credit losses accounts at a level based on the result of the individual assessment. Under the individual assessment, the Company considers the payment history, past due status and term. Further, the Company takes into consideration the inability to collect from the counterparty based on the contractual terms of the receivables. Receivables as such are accounts from inactive customers. In order to determine the amount of ECL to be recognized in the financial statements, the Company has set up a provision matrix based on its historical observed default rates which is adjusted forward-looking estimates and establishes an allowance for ECL.

Management generally analyzes accounts receivables and analyzes historical bad debt, client concentrations, client creditworthiness, current economic trends and changes in client payment terms when evaluating the adequacy of the ECL. To the extent that it is feasible, impairment and collectability is determined individually for each item.

The Insurer will assess the credit risk from policyholders with past-due accounts by considering the individual characteristics of each policyholder such as creditworthiness and payment history. After considering credit risk above, the insurer will therefore inform the Company as to the total amount of expected credit loss from each policyholder then the Company will determine the portion of the commission related to expected credit loss that will be treated as allowance which is also based on the commission percentage of the Company.

Note 6 - CASH AND CASH EQUIVALENTS

The account consists of the following:

	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Cash in banks	2,797,883	88,940,236
Cash equivalents	<u>168,679,030</u>	<u>14,309,148</u>
Total	<u>171,476,913</u>	<u>103,249,384</u>

Cash in bank represents current deposit account in a reputable local bank.

Cash equivalents consist of short-term placements made for various periods up to three (3) months depending on the immediate cash requirements of the Company and earns interest at the respective short-term deposit rates.

Interest income earned from bank deposits and short-term deposits amounted to P5,359,929 and P2,513,415 in 2025 and 2024, respectively (Note 17).

Note 7 - TRADE RECEIVABLES

This account pertains to commission receivable from insurance companies, amounting to P12,369,540 and P6,798,561 as of December 31, 2025 and 2024, respectively. This represents commissions earned by the company from insurance transactions, but not yet received from insurance companies.

Note 8 - LONG-TERM INVESTMENT

	<u>Par value</u>	<u>Maturity date</u>	<u>Carrying value</u>
<u>Long-term:</u>			
Amalgamated Investment Bancorporation (AIB)			
PIBD2027I140	<u>14,039,356</u>	06/09/2027	<u>14,999,603</u>
Total	<u>14,039,356</u>		<u>14,999,603</u>

As of December 31, 2025, the Company holds a long-term investment in Amalgamated Investment Bancorporation (AIB) amounting to P14,999,603, and it was not used as collateral to secure any of the Company's liabilities. Also, there was no objective evidence that warrants the impairment of the above investment; thus, no impairment loss was recognized.

Note 9 - OTHER CURRENT ASSETS

The account consists of the following:

	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Prepaid income tax (Note 18)	9,666,743	9,194,528
Prepaid expense	-	123,750
Other current assets	<u>570,777</u>	<u>-</u>
Total	<u>10,237,520</u>	<u>9,318,278</u>

Prepaid income tax consists of creditable withholding taxes and income tax payments made during the year.

Note 10 - TRADE AND OTHER PAYABLES

The account consists of the following:

	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Management fee payable	2,338,643	483,903
Service fee payable	<u>1,768,046</u>	<u>-</u>
Total	<u>4,106,689</u>	<u>483,903</u>

Management and service fee payable represents obligation of the Company to Dacon Corporation due to the general management services provided by Dacon Corporation such as, but not limited to, accounting and treasury, internal audit functions, management information, human resources planning, consultancy and delivery, quality managements, maintenance of corporate records, assistance in legal processes and preparation of business plans and reports.

Note 11 - OTHER CURRENT LIABILITIES

The account consists of the following:

	<u>2 0 2 5</u>	<u>2 0 2 4</u>
VAT payable (Note 22)	3,862,402	1,048,957
Withholding taxes payable	-	228,648
Other payable	<u>387,826</u>	<u>-</u>
Balance, end	<u><u>4,250,228</u></u>	<u><u>1,277,605</u></u>

VAT payable represents the excess of Output VAT over Input VAT.

Withholding taxes payable pertains to expanded taxes on income payments withheld by the Company.

Other payable represents under remittance to insurance company due to computation error.

Note 12 - DIVIDENDS PAYABLE

Cash dividends amounting to P10,000,000 declared on December 31, 2022, were fully paid on January 31, 2025, and there are no dividends payable as of December 31, 2025.

Note 13 - CAPITAL STOCK

The details of the Company's capital stock as of December 31, 2025 and 2024 follow:

	<u>2 0 2 5</u>		<u>2 0 2 4</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Common stock – P1 par value				
Authorized:				
Balance, beginning	1,000,000	1,000,000	1,000,000	1,000,000
Issuance during the year	<u>15,400,000</u>	<u>15,400,000</u>	<u>-</u>	<u>-</u>
Subscribed and paid-up	<u><u>16,400,000</u></u>	<u><u>16,400,000</u></u>	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>

The minimum capital requirements of insurance brokerage as set by the Insurance Commission in its Insurance Memorandum Circular No. 1 – 2006, requiring a minimum capital requirement for companies operating as insurance or reinsurance brokers as follows:

Net Worth	Compliance Date
10,000,000	On or before December 31, 2010

On October 19, 2018, the Insurance Commission issued CL 2018-52 which supersedes Memorandum Circular no. 1-2006 which requires new entrant's corporation for insurance brokers and re-insurance brokers to have a minimum paid up capital of at least P20,000,000. But for the existing insurance brokers and re-insurance brokers, they must have a net worth of at least P10,000,000.

As of December 31, 2025, the Company is compliant with the above capitalization requirement.

Net Worth Requirement per Adjusted Trial Balance	200,726,659
Issuance during the year	15,400,000
Net Worth requirement per IC CL 2018-52	<u>10,000,000</u>
Excess	<u><u>175,326,659</u></u>

The Company's net worth amounts follows:

	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Total stockholders' equity	<u>200,726,659</u>	<u>107,604,715</u>

Note 14 - REVENUE

This account consists the following:

	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Commission income	74,705,720	79,106,212
Brokers income	<u>28,897,222</u>	<u>-</u>
Total	<u><u>103,602,942</u></u>	<u><u>79,106,212</u></u>

Commission and brokers income represents the fees earned by the Company for acting as an intermediary between the affiliated companies and insurance providers.

Note 15 - DIRECT COST

This account pertains to management fee expenses amounting to P6,216,177 and P26,597,004 for the years ended December 31, 2025 and 2024, respectively.

Note 16 - ADMINISTRATIVE EXPENSES

This account consists of the following:

	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Service fee	4,144,118	-
Fronting fee	3,556,930	-
Fines and penalties	2,616,217	-
Taxes and licenses (Note 22)	937,217	542,196
Insurance expense	227,152	227,332
Professional fees	188,705	110,000
Trainings and seminar	34,010	-
Office supplies	21,569	-
Survey cost	10,785	-
Bank charges	9,212	150
Other expenses	107,936	103,897
Miscellaneous expense	98,819	-
	<u>11,952,670</u>	<u>983,575</u>
Total	<u>11,952,670</u>	<u>983,575</u>

Administrative expenses represent costs incurred in the general management and administration of the Company's operations.

Note 17 - OTHER INCOME

This account consists of the following:

	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Interest income (Note 6)	5,359,929	2,513,415
Other income	3,068,142	-
	<u>8,428,071</u>	<u>2,513,415</u>
Total	<u>8,428,071</u>	<u>2,513,415</u>

Other income pertains to various bonus and incentive earned and realized foreign exchange gains as of December 31, 2025.

Note 18 - INCOME TAXATION

Income taxes are computed as follows:

<u>REGULAR CORPORATE INCOME TAX (RCIT) – 25%</u>	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Revenue	103,602,942	79,106,212
Add: Other income	3,068,142	-
Interest income	5,359,929	2,513,415
Gross revenue	112,031,013	81,619,627
Less: Direct cost	6,216,177	26,597,004
Profit before tax	105,814,836	55,022,623
Less: Interest income subjected to final tax	5,359,929	2,513,415
Optional standard deduction (P100,454,907 x 40% of Gross income)	40,181,963	21,003,683
Taxable income	60,272,944	31,505,525
RCIT rate	25%	25%
Income tax expense	15,068,236	7,876,381
Provision for income tax – Final tax	1,071,986	-
Total provision for income tax	16,140,222	7,876,381

The Company opts for 40% optional standard deduction (OSD) in determining its tax due.

<u>MINIMUM CORPORATE INCOME TAX (MCIT) – 2%</u>	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Gross receipts	103,602,942	79,106,212
Add: Other income	3,068,142	-
Less: Direct cost	6,216,177	26,597,004
Gross income subject to MCIT	100,454,907	52,509,208
MCIT rate	2%	2%
Minimum corporate income tax	2,009,098	1,050,184

CREDITABLE INCOME TAX

	2025	2024
Income tax due	15,068,236	7,876,381
Less: Prior years excess credit	9,194,528	3,140,431
Creditable tax – 1 st to 3 rd quarter	9,513,021	12,229,435
Creditable tax – 4 th quarter	6,027,430	1,701,043
Creditable income tax	(9,666,743)	(9,194,528)

Note 19 - RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of business, the Company entered into transactions with related parties. Such transactions have been entered into at terms no less favorable than could have been obtained if the transactions were entered within related parties.

Parties are related if one 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 and the parties are subject to common significant influence.

The company is under a management and service agreement, under its related company, amounts paid and still payable are disclosed below:

Nature of Relationship	Nature of Transaction	December 31, 2025		Terms and Condition
		Amount	Outstanding Balance Receivable Payable	
Affiliate companies	Brokers income	28,897,222	- -	Unsecured, non-interest bearing
Affiliate company	Management fee	6,216,177	- 2,338,643	Unsecured, non-interest bearing
	Service fee	4,144,118	- 1,768,046	Unsecured, non-interest bearing
Nature of Relationship	Nature of Transaction	December 31, 2024		Terms and Condition
		Amount	Outstanding Balance Receivable Payable	
Affiliate companies	Brokers income	8,339,091	- -	Unsecured, non-interest bearing
Affiliate company	Management fee	26,597,004	- 483,903	Unsecured, non-interest bearing
	Service fee	-	- -	Unsecured, non-interest bearing

Note 20 - EARNINGS PER SHARE

	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Net income	77,721,944	46,162,667
Divide by outstanding shares of stocks	<u>16,400,000</u>	<u>1,000,000</u>
Earnings per share	<u>4.74</u>	<u>46.16</u>

Note 21 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial instruments consist of cash and cash equivalents, trade receivables, and trade and other payables. The main purpose of these financial instruments is to fund the Company's operations.

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the Board of Directors (BOD) and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial market.

The main financial risks arising from the financial instruments are credit risk, and liquidity risk, and interest rate risk. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below:

Credit risk

Credit risk is the risk that the Company will incur a loss because its counterparties fail to discharge their contractual obligations. Receivables are monitored on an on-going basis with the result that the Company's exposure to possible losses is not significant.

With respect to credit risk arising from cash, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to its carrying amount. Cash in bank is deposited with reputable commercial banks duly approved by management and is available for withdrawal.

Maximum credit risk is equal to the gross amount of these instruments as follows:

	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Cash and cash equivalents	171,476,913	103,249,384
Trade receivables	<u>12,369,540</u>	<u>6,798,561</u>
Total	<u>183,846,453</u>	<u>110,047,945</u>

The table below summarizes the Company's financial assets based on aging:

	Neither due nor impaired	Past due but not impaired - Less than one year	Past due and impaired	Total
Cash and cash equivalent	171,476,913	-	-	171,476,913
Trade receivables	12,369,540	-	-	12,369,540
Total	183,846,453	-	-	183,846,453

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity 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 damage to the Company's reputation.

The Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

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

	Within three months	More than three months to one year	More than one year but less than five years	Total
Trade and other payables	4,106,689	-	-	4,106,689

Interest rate risk

Interest rate risk pertains to the fluctuations in interest of cash equivalents. These investments are earning interest ranging from 5% to 6.5% per annum. The Company regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take.

The primary measure of the Company's interest rate risk is the duration of its financial assets. It quantifies the effect of changes in interest rates in the value of fixed income securities. The longer the duration, the more sensitive it should be to changes in interest rates.

The following table illustrates the sensitivity of the Company's profit or loss to a reasonably possible change in the interest rates of its cash equivalents with all other variables held constant.

	2025		2024	
	+1-%	Effect on Profit or Loss	+1-%	Effect on Profit or Loss
Cash equivalents	0.50%	843,395	0.50%	71,546

Capital Management

The Company's risk management function has developed and implemented certain minimum stress and scenario test for identifying the risk to which the Company is exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic balance sheet and revenue account, are reported to the Company's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

The operations of the Company are also subject to the regulatory requirements of Securities and Exchange Commission (SEC) and Insurance Commission (IC). Such regulations not only prescribed approval and monitoring of activities but also impose certain restrictive provisions.

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company considers the following as its capital:

	<u>2 0 2 5</u>	<u>2 0 2 4</u>
Capital stock	16,400,000	1,000,000
Additional paid-in capital	9,000,000	9,000,000
Retained earnings	<u>175,326,659</u>	<u>97,604,715</u>
Total	<u>200,726,659</u>	<u>107,604,715</u>

The Company is exposed to a capital requirement of prohibiting stock corporations from retaining excess surplus profits in excess of one hundred percent (100%) of their paid-in capital stock.

The Company is also required under IC regulations to maintain a net worth of at least P10,000,000 which the Company complies, as discussed in Note 13.

NOTE 22 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below is the supplementary information which is required by the BIR under its existing revenue regulations to be disclosed as part of the notes to the financial statements. This supplementary information is not a required disclosure under Philippine Financial Reporting Standards for Small and Medium-sized Entities.

22.1 Requirements under Revenue Regulations No. 15-2010

In compliance with BIR Revenue Regulations No. 15-2010 (amending certain provision of Sec. 2 of RR No. 21-2002), which requires addition to the disclosures mandated under the Philippine Financial Reporting Standards, and such other standards and convention, the notes to the financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year, particularly on the following which is applicable to the Company:

Value-Added Tax

The Company is a VAT- registered entity. During the year, the Company value added tax declared and paid was computed as follows:

Gross receipts subject to VAT		103,602,942
Multiply by:		12%
Output VAT		12,432,353
Less: Input VAT, beginning	-	
VAT paid in return	6,852,864	
Input VAT on purchase of services	1,717,087	8,569,951
VAT payable		3,862,402

Taxes on Importation

The Company has no importation transaction during the year.

Excise Tax

The Company has no transaction subject to excise tax during the year.

Taxes and Licenses

The Company has payment made for taxes and licenses during the year as follows:

Business permits and licenses	431,838
Documentary stamp tax	115,502
IC licenses	90,050
Others	299,827
Total	937,217

Withholding Taxes

The total withholding taxes paid for the years ended December 31, 2025 and 2024 are shown below:

	2025	2024
Expanded withholding tax	6,998,764	5,416,110

Capital Gains Tax

The Company has no transaction subject to capital gain tax during the year.

Deficiency Tax Assessments and Tax Cases

As of December 31, 2025, the Company does not have any final deficiency tax assessment from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

22.2 Requirements under Revenue Regulations No. 19-2011

Revenue Regulations No. 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and/or services, itemized deductions and other significant tax information, to be disclosed in the notes to the financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts of revenues reflected in the 2025 statements of comprehensive income, which is based on Philippine Financial Reporting Standards for Small and Medium-sized Entities.

Taxable Revenue

The Company earned the following taxable revenue during the year as follows:

Commission income	74,705,720
Brokers income	28,897,222
Total	<u>103,602,942</u>

Deductible Direct Cost

The Company incurred deductible direct cost for the year ended December 31, 2025 amounting to P6,216,177 from management fee expenses.

Taxable Other Income

The Company earns other income subject to regular income tax amounting to P3,068,142 from bonus and incentives from insurance company.

Optional Standard Deductions

As of December 31, 2025, the Company opted to use optional standard deductions. Total optional standard deductions amounted to P40,181,963 (Note 18).

22.3 Requirements under Revenue Regulations No. 34-2020

The Company is not covered by the requirements and procedures for related party transactions provided under RR No. 34-2020.

Note 23 - EVENTS AFTER THE REPORTING PERIOD

An entity shall adjust the amounts recognized in its financial statements to reflect adjusting events after the reporting period.

An entity shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the reporting period. If non-adjusting events after the reporting period are material, non-disclosure could influence the economic decisions of users taken on the basis of financial statements. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period:

- a) the nature of the event; and
- b) an estimate of its financial effect or a statement that such an estimate cannot be made.

The Company has evaluated subsequent events through February 13, 2026, which is the date the financial statements were available to be issued.

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

The Stockholders and the Board of Directors
DACON INSURANCE BROKERS, INC.
DACON Bldg., 2281 Pasong Tamo Ext.,
Brgy. Magallanes, Makati City

We have audited, in accordance with the Philippine Standards on Auditing, the financial statements of **DACON INSURANCE BROKERS, INC.** as at and for the year ended December 31, 2025, on which we have rendered our report dated February 13, 2026.

Our audit was made for the purpose of forming an opinion on the financial statements of the Company taken as a whole. The supplementary information attached is the responsibility of the Company's management.

The supplementary information is presented for purposes of complying with the Insurance Commission Circular Letter No. 2021-65 and is not a required part of the Company's financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the Company's financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Segregation of Client's Money Account

As of December 31, 2025 and 2024, the Company did not receive, hold, or maintain client money in the course of its operations. Accordingly, the requirement to maintain a segregated client's money account is not applicable.

Net Worth Requirement

As of December 31, 2025 and 2024, the Company complied with the prescribed minimum net worth requirement. The Company's net worth amounted to P190,726,659, as presented in Note 13 – Capital Stock to the financial statements, exceeded the required minimum.

Fiduciary Ratio Computation

As of December 31, 2025 and 2024, the Company did not have any fiduciary relationship with its clients and did not hold assets or funds in a fiduciary capacity. Accordingly, the fiduciary ratio computation is not applicable.

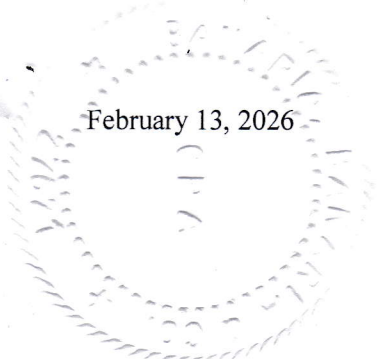
Offsetting Arrangements

As of December 31, 2025 and 2024, the Company did not have any offsetting arrangements or enforceable master netting agreements with counterparties. Accordingly, no financial assets or financial liabilities were subject to offsetting or the related disclosure requirements.

BANARIA, BANARIA AND COMPANY, CPAs


By: GRACIA SEVERA A. BANARIA-ESPIRITU
Partner
CPA Certificate No. 27621
Tax Identification No. 131-938-548
PTR No. 8392597, January 9, 2026, Quezon City
CTC No. 12233928, January 21, 2026, Quezon City
BOA Accreditation No. 0030, valid until August 20, 2027 (Firm)
BOA Accreditation No. 002, valid until August 20, 2027 (Partner)
BIR Accreditation No. 07-000089-004-2023, valid until July 14, 2026 (Firm)
BIR Accreditation No. 07-000088-004-2023, valid until July 14, 2026 (Partner)
IC Accreditation No. 27621-IC, Group A valid until October 27, 2027 (Partner)
IC Accreditation No. 0030-IC, Group A valid until October 27, 2027 (Firm)

February 13, 2026



CERTIFICATION OF CORRECTION OF PRIOR PRESENTATION

Note 13 – Capital Stock and Net Worth Requirement

We hereby certify that the presentation of Note 13 – Capital Stock and Net Worth Requirement in the previously issued Audited Financial Statements for the year ended December 31, 2025 contained an inadvertent presentation error.

Specifically, the amount of ₱15,400,000, representing the capital stock issuance during the year, was deducted from the Company's net worth in determining compliance with the minimum net worth requirement under Insurance Commission Circular Letter No. 2018-52. Upon review, it was determined that the said issuance was already included in the Net Worth Requirement per Adjusted Trial Balance amounting to ₱200,726,659 and, therefore, should not have been separately presented and deducted.

Accordingly, the presentation has been corrected to remove the separate deduction for the issuance during the year. This correction pertains solely to the presentation of the net worth computation and does not affect the Company's total stockholders' equity, net income, retained earnings, cash flows, or any other amounts reported in the audited financial statements.

The corrected computation is presented below:

Net Worth Requirement per Adjusted Trial Balance	200,726,659
Net Worth Requirement per IC Circular Letter No. 2018-52	(10,000,000)
Excess	190,726,659

This certification is being issued to formally document the correction of the prior presentation and to clarify that the Company's compliance with the minimum net worth requirement remains unaffected.

Issued this 25th day of June 2026.

Certified by:


Karen K. Aldea
Assistant Manager
Dacon Insurance Brokers, Inc.