Gallagher

2025

ANNUAL REPORT

PHILIPPINES

Who We Are

Gallagher Insurance Brokers (Philippines), Inc. ("Gallagher Philippines") is a leading insurance and risk management advisory firm, providing tailored solutions that help organizations and individuals navigate an increasingly complex risk landscape.

As part of the global Arthur J. Gallagher & Co. network—one of the world's largest insurance brokerage, risk management, and consulting firms—we combine local market expertise with global capabilities and resources. This enables us to deliver insightful, data-driven, and client-centric solutions across a broad spectrum of industries.

Our Expertise

We provide a comprehensive range of services, including:

- **Insurance, Reinsurance & Health Maintenance Organization (HMO) Broking** – Placement and management of insurance programs across major lines of coverage
- **Risk Management Advisory** – Identification, assessment, and mitigation of enterprise risks
- **Employee Benefits Solutions** – Health, wellness, and retirement program design
- **Specialty and Industry Solutions** – Customized programs for complex and emerging risks

Our Approach

At Gallagher Philippines, we are guided by a client-first philosophy:

- **Understanding before advising** – Deep engagement with clients to align solutions with their business objectives
- **Analytical and strategic** – Leveraging data, global insights, and industry expertise
- **Collaborative delivery** – Working closely with clients, insurers, and partners
- **Sustainable value creation** – Supporting long-term resilience and growth

Our Global Advantage

Through the Gallagher global network, we provide access to:

- International insurance markets and capacity
- Specialized industry expertise across jurisdictions
- Global best practices in governance, risk, and compliance
- Integrated solutions delivered with consistency and quality

Our Commitment

We are committed to upholding the highest standards of:

- Integrity and professionalism
- Regulatory compliance and governance
- Transparency and accountability
- Client service excellence

We take pride in being trusted partners to our clients, helping them protect their assets, empower their people, and achieve their strategic objectives

The Gallagher Mission

At Gallagher, we are committed to delivering exceptional value to our stakeholders through disciplined execution, professional excellence, and a strong client-first philosophy.

Our mission is:

TO: Provide superior, cost-effective risk management products and services that meet the ever-changing needs of our current and prospective clients, while continuing to strive for the highest professional excellence in the delivery of those products and services.

TO: Build and maintain long-lasting, consistent, honest, and profitable relationships with our insurance markets that we recognize play a crucial role in meeting our clients' risk management needs.

TO: Provide our employees with an opportunity for professional growth, personal satisfaction, and financial security.

TO: Grow shareholder value by increasing our· client base, dedicating ourselves to increased productivity, profitability, and professionalism resulting in long-term earnings-per share growth.

We will accomplish our mission with the kind of leadership that will ensure perpetuation of our corporate culture and to create and maintain a "Gallagher Team" that is the very best at what we do

The Gallagher Way

Shared values at Arthur J. Gallagher & Co. are the rock foundation of the company and our culture. What is a shared value? These are concepts that the vast majority of the movers and shakers in the company passionately adhere to. What are some of Arthur J. Gallagher & Co.'s shared values?

1. We are a sales and marketing company dedicated to providing excellence in risk management services to our clients.
2. We support one another. We believe in one another. We acknowledge and respect the ability of one another.
3. We push for professional excellence.
4. We can all improve and learn from one another.
5. There are no second-class citizens—everyone is important and everyone's job is important.
6. We're an open society.
7. Empathy for the other person is not a weakness.
8. Suspicion breeds more suspicion. To trust and be trusted is vital.
9. Leaders need followers. How leaders treat followers has a direct impact on the effectiveness of the leader.
10. Interpersonal business relationships should be built.
11. We all need one another. We are all cogs in a wheel.
12. No department or person is an island.
13. Professional courtesy is expected.
14. Never ask someone to do something you wouldn't do yourself.
15. I consider myself support for our sales and marketing. We can't make things happen without each other. We are a team.
16. Loyalty and respect are earned—not dictated.
17. Fear is a turnoff.
18. People skills are very important at Arthur J. Gallagher & Co.
19. We're a very competitive and aggressive company.
20. We run to problems—not away from them.
21. We adhere to the highest standards of moral and ethical behavior.
22. People work harder and are more effective when they're turned on—not turned off.
23. We are a warm, close company. This is a strength—not a weakness.
24. We must continue building a professional company—together—as a team.
25. Shared values can be altered with circumstances—but carefully and with tact and consideration for one another's needs.

When accepted shared values are changed or challenged, the emotional impact and negative feelings can damage the company.

Robert E. Gallagher, May 1984

Message from the CEO

Transitioning from Strong to Stronger

This year represents the successful completion of our transition from PhilPacific Insurance Brokers & Managers, Inc. (Philinsure) into a fully integrated member of the Arthur J. Gallagher & Co. global network. Our theme—**"Transitioning from Strong to Stronger"**—captures both our legacy strength and our readiness for the next phase of growth.

A Defining Milestone: Becoming Gallagher

A key highlight of the year was the formal acquisition of Philinsure by Arthur J. Gallagher & Co., announced in March 2025. This transaction followed Gallagher's earlier minority investment and marked the full integration of our organization into its global platform.

This milestone reflects the confidence of Gallagher's leadership in our business, our people, and our consistent track record of growth. It also helps us to expand our capabilities as part of a global firm operating across more than 130 countries.

The transition has required significant effort across all functions—operations, human resources, IT, finance, compliance, governance, and branding—and continues to progress as we align our systems, processes, and standards with Gallagher's global framework.

Performance: Growth Driven by Market Leadership

Our performance in 2025 reflects both resilience and strong market execution.

Over the past decade, we have maintained an average growth rate of **19%**, supported by disciplined operations and a client-focused strategy. Our **operating margin of 44%** continues to place us in a position of strength.

A key highlight of the year was our continued momentum in new business generation. Combined New Business and Penetration increased by 32.6% year-on-year, reflecting our ability not only to secure new client relationships but also to deepen engagements within our existing portfolio. This integrated approach underscores our strength as a marketing-driven organization, consistent with Gallagher's global philosophy of delivering client-centric, advisory-led solutions and sustaining long-term, recurring growth.

Our People: Strength at the Core

Our transformation has been made possible by the strength of our people. With over 370 years of combined leadership experience and a team of 204 professionals across Cebu, Makati, Davao, and Ortigas, we remain well-positioned to sustain growth and deliver excellence.

We continue to invest in:

- Talent acquisition and retention
- Capability development and training
- Strengthening our sales culture
- Leadership continuity and succession planning

These initiatives ensure that our organization remains agile, competitive, and prepared for future opportunities.

Governance and Sustainability

In 2025, we strengthened our commitment to good governance and sustainability by enhancing our governance framework, improving transparency, and advancing initiatives in environmental responsibility and community engagement.

We recognize that strong governance and responsible business practices are fundamental to long-term value creation, and we remain committed to upholding the highest standards across all aspects of our operations.

Looking Ahead

As we move forward, we are focused on completing our transition and unlocking the full benefits of Gallagher's global platform.

This includes the continued implementation of Gallagher's tools, systems, and best practices, which will enhance efficiency, consistency, and service delivery.

The year 2025 marks a pivotal turning point—closing one chapter of our history while opening another as Gallagher Philippines.

On behalf of the management team, I extend my sincere gratitude to our clients, partners, and employees for your continued trust and support.

We move forward with confidence—transitioning from strong to stronger—and remain committed to delivering sustainable growth and long-term value in the years ahead.

Board of Directors

PETER CHARLES SEARSON
Chairman

GORDON ALAN P. JOSEPH
Director
President and CEO

JACQUELINE P. WENCESLAO
Director
Executive Vice President

EMMALINE CARLA L. WAMILDA
Director
Executive Vice President

Board of Directors

MICHAEL L. GALANG
Director
Executive Vice President and Deputy CEO

KAREN V. BATUNGBACAL
Independent Director

JOHN V. ALCORDO
Independent Director

JOHN STORRS CULLIS
Independent Director

GALLAGHER INSURANCE BROKERS (PHILIPPINES), INC. DOING BUSINESS UNDER THE NAME AND STYLE OF GALLAGHER

SEPARATE FINANCIAL STATEMENTS
December 31, 2025 and 2024

With Independent Auditors' Report

R.G. Manabat & Co.
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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Gallagher Insurance Brokers (Philippines), Inc.
Doing Business under the Name and Style of Gallagher
2nd Floor, Centro Maximo II Bldg.
D. Jakosalem Corner Ranudo Sts.
Barangay Cogon Ramos, Cebu City, Philippines

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Gallagher Insurance Brokers (Philippines), Inc. Doing Business under the Name and Style of Gallagher (the Company), which comprise the separate statements of financial position as at December 31, 2025 and 2024, and the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2025 and 2024, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting 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 the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audits of the separate financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the separate 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 Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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.

R.G. Manabat & Co.

KPMG

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the separate financial statements taken as a whole. The supplementary information in Note 24 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the separate financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the separate financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the separate financial statements taken as a whole.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
IC Accreditation No. IC-EA-2024-0012-R, Group A, valid for three (3) years
covering the audit of 2024 to 2026 financial statements
SEC Accreditation No. 92183-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-034-2023
Issued May 25, 2023; valid until May 25, 2026
PTR No. MKT 10764398
Issued January 5, 2026 at Makati City

April 1, 2026
Makati City, Metro Manila

GALLAGHER INSURANCE BROKERS (PHILIPPINES), INC.
DOING BUSINESS UNDER THE NAME AND STYLE OF GALLAGHER

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2025**	2024
ASSETS			
Current Assets			
Cash and cash equivalents	*4, 21*	**P199,848,071**	P105,353,878
Receivables	*5, 21*	**359,345,317**	229,074,177
Financial assets at fair value through profit or loss	*6, 21*	**2,750,296**	2,819,070
Prepaid expenses and other current assets	*7*	**22,569,815**	16,091,435
Total Current Assets		**584,513,499**	353,338,560
Noncurrent Assets			
Property and equipment - net	*8*	**68,738,650**	40,425,571
Investment in subsidiary	*9*	**12,000,000**	1,000,000
Right-of-use assets - net	*20*	**21,865,714**	26,929,032
Deferred tax assets - net	*16*	**28,644,735**	13,335,745
Intangible assets - net	*10*	**160,586,865**	3,579,952
Other noncurrent assets	*21*	**4,211,995**	4,156,077
Total Noncurrent Assets		**296,047,959**	89,426,377
		P880,561,458	P442,764,937
LIABILITIES AND EQUITY			
Current Liabilities			
Due to insurance companies	*11, 21*	**P112,676,701**	P69,699,893
Trade and other payables	*12, 21*	**223,629,032**	87,739,464
Dividends payable	*17*	**-**	79,000,000
Current portion of lease liabilities	*20, 21*	**12,559,567**	10,681,893
Income tax payable		**-**	630,467
Total Current Liabilities		**348,865,300**	247,751,717
Noncurrent Liabilities			
Lease liabilities - net of current portion	*20, 21*	**9,943,270**	16,746,537
Retirement benefits liability	*18*	**17,605,107**	27,804,285
Account listing payable	*13, 21*	**114,201,525**	-
Total Noncurrent Liabilities		**141,749,902**	44,550,822
Total Liabilities		**490,615,202**	292,302,539
Equity			
Capital stock	*17*	**27,000,000**	27,000,000
Additional paid-in capital	*19*	**107,322,513**	-
Retained earnings	*17*	**260,114,082**	132,185,577
Retirement benefits reserve	*18*	**(4,490,339)**	(8,723,179)
Net Equity		**389,946,256**	150,462,398
		P880,561,458	P442,764,937

See Notes to the Separate Financial Statements.

GALLAGHER INSURANCE BROKERS (PHILIPPINES), INC.
DOING BUSINESS UNDER THE NAME AND STYLE OF GALLAGHER

SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2025**	2024
SERVICE REVENUE		**P833,535,405**	P722,630,920
COST OF SERVICES	*14*	**311,009,001**	226,358,032
GROSS INCOME		**522,526,404**	496,272,888
OPERATING EXPENSES	*15*	**350,731,378**	211,240,345
OPERATING INCOME		**171,795,026**	285,032,543
OTHER INCOME (EXPENSE) - Net			
Gain on disposal of property and equipment		**444,893**	58,286
Interest income	*4*	**390,550**	1,625,054
Unrealized (loss) gain on financial assets at fair value through profit or loss	*6*	**(68,774)**	91,516
Interest expense	*20*	**(1,390,310)**	(1,771,318)
Foreign currency exchange loss - net		**(2,999,119)**	(2,558,903)
Other income		**5,606,921**	-
		1,984,161	(2,555,365)
INCOME BEFORE INCOME TAX EXPENSE		**173,779,187**	282,477,178
PROVISION FOR INCOME TAX EXPENSE			
Current		**62,492,515**	78,006,516
Deferred		**(16,719,937)**	(5,855,929)
Final		**78,104**	325,011
	16	**45,850,682**	72,475,598
NET INCOME		**127,928,505**	210,001,580
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss			
Actuarial gain on defined benefits plan	*18*	**5,643,787**	493,224
Tax effect	*16*	**(1,410,947)**	(123,306)
		4,232,840	369,918
TOTAL COMPREHENSIVE INCOME		**P132,161,345**	P210,371,498

See Notes to the Separate Financial Statements.

GALLAGHER INSURANCE BROKERS (PHILIPPINES), INC.
DOING BUSINESS UNDER THE NAME AND STYLE OF GALLAGHER
SEPARATE STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	Capital Stock (Note 17)	**Additional Paid-in Capital** (Note 19)	**Retained Earnings** (Note 17)	**Retirement Benefits Reserve** (Note 18)	**Net Equity**
Balance at January 1, 2025	**P27,000,000**	**P -**	**P132,185,577**	**(P8,723,179)**	**P150,462,398**
Total Comprehensive Income for the Year					
Net income for the year	**-**	**-**	**127,928,505**	**-**	**127,928,505**
Other comprehensive income	**-**	**-**	**-**	**4,232,840**	**4,232,840**
	-	**-**	**127,928,505**	**4,232,840**	**132,161,345**
Capital contributions	**-**	**107,322,513**	**-**	**-**	**107,322,513**
Balance at December 31, 2025	**P27,000,000**	**P107,322,513**	**P260,114,082**	**(P4,490,339)**	**P389,946,256**
Balance at January 1, 2024	P27,000,000	P -	P187,563,997	(P9,093,097)	P205,470,900
Cash dividends	-	-	(265,380,000)	-	(265,380,000)
Total Comprehensive Income for the Year					
Net income for the year	-	-	210,001,580	-	210,001,580
Other comprehensive income	-	-	-	369,918	369,918
	-	-	210,001,580	369,918	210,371,498
Balance at December 31, 2024	P27,000,000	P -	P132,185,577	(P8,723,179)	P150,462,398

See Notes to the Separate Financial Statements.

GALLAGHER INSURANCE BROKERS (PHILIPPINES), INC.
DOING BUSINESS UNDER THE NAME AND STYLE OF GALLAGHER
SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	**2025**	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense		**P173,779,187**	P282,477,178
Adjustments for:			
Depreciation and amortization	*8, 10, 15, 20*	**55,210,795**	27,673,561
Retirement benefits cost	*14, 15, 18*	**11,818,421**	11,805,249
Foreign currency exchange loss - net		**2,999,119**	2,558,903
Interest expense	*20*	**1,390,310**	1,771,318
Unrealized gain on financial assets at fair value through profit or loss	*6*	**68,774**	(91,516)
Interest income	*4*	**(390,549)**	(1,625,054)
Gain on disposal of property and equipment		**(444,893)**	(58,286)
Gain on lease modification	*20*	**(446,096)**	-
Others	*8*	**(5,791,202)**	-
		238,193,866	324,511,353
Changes in:			
Receivables		**(130,271,140)**	(54,917,683)
Prepaid expenses and other current assets		**(58,063,788)**	16,947,948
Trade and other payables		**205,422,888**	23,461,718
Due to insurance companies		**42,976,808**	(10,381,273)
		298,258,634	299,622,063
Interest income received		**312,446**	1,300,043
Interest expense paid	*20*	**(1,390,310)**	(1,771,318)
Income taxes paid		**(11,537,575)**	(78,006,516)
Contributions to retirement plan	*18*	**(16,373,812)**	(13,008,573)
Net cash provided by operating activities		**269,269,383**	208,135,699
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment		**944,893**	362,783
Change in other noncurrent assets		**(55,918)**	(1,233,493)
Capital contribution to subsidiary		**(11,000,000)**	(1,000,000)
Acquisitions of property and equipment	*8*	**(39,108,584)**	(30,502,084)
Payment of account listing		**(69,533,319)**	-
Net cash used in investing activities		**(118,752,928)**	(32,372,794)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of capital contributions	*19*	**37,789,193**	-
Principal lease payments	*20*	**(11,812,336)**	(10,052,929)
Payment of cash dividends	*17*	**(79,000,000)**	(186,380,000)
Net cash used in financing activities		**(53,023,143)**	(196,432,929)
NET INCREASE (DECREASE) IN CASH		**97,493,312**	(20,670,024)
EFFECT OF EXCHANGE RATE CHANGES ON CASH		**(2,999,119)**	(2,558,903)
CASH AT BEGINNING OF YEAR		**105,353,878**	128,582,805
CASH AT END OF YEAR	*4*	**P199,848,071**	P105,353,878

See Notes to the Separate Financial Statements.

Corporate Information

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