PHILPACIFIC INSURANCE BROKERS & MANAGERS, INC. DOING BUSINESS UNDER THE NAME AND STYLE OF PHILINSURE

FINANCIAL STATEMENTS
December 31, 2024 and 2023

With Independent Auditors' Report

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209

Telephone	+63 (2) 8885 7000
Fax	+63 (2) 8894 1985
Internet	www.home.kpmg/ph
Email	ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Philpacific Insurance Brokers & Managers, Inc. Doing Business under the Name and Style of Philinsure (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of profit or loss and other comprehensive income (loss), 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 PFRS Accounting 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 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on 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 basic financial statements taken as a whole. The supplementary information in Note 22 to the basic financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

Tireso Randy F. Lapidez

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 10467182
Issued January 2, 2025 at Makati City

April 30, 2025
Makati City, Metro Manila

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PHILPACIFIC INSURANCE BROKERS & MANAGERS, INC.
DOING BUSINESS UNDER THE NAME AND STYLE OF PHILINSURE
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2024**	2023
ASSETS			
Current Assets			
Cash and cash equivalents	*4, 18*	**P105,353,878**	P128,582,805
Receivables	*5, 18*	**229,074,177**	174,156,494
Financial assets at fair value through profit or loss	*6, 18*	**2,819,070**	2,727,554
Prepaid expenses and other current assets	*7*	**16,091,435**	35,165,318
Total Current Assets		**353,338,560**	340,632,171
Noncurrent Assets			
Property and equipment - net	*8*	**40,425,571**	25,262,945
Right-of-use assets - net	*17*	**26,929,032**	18,639,647
Deferred tax assets - net	*13*	**13,335,745**	7,603,122
Other noncurrent assets	*9, 18*	**8,736,029**	8,602,537
Total Noncurrent Assets		**89,426,377**	60,108,251
		P442,764,937	P400,740,422
LIABILITIES AND EQUITY			
Current Liabilities			
Due to insurance companies	*5, 18*	**P69,699,893**	P80,081,166
Trade and other payables	*10, 18*	**87,739,464**	64,908,213
Dividends payable	*14*	**79,000,000**	-
Current portion of lease liabilities	*17, 18*	**10,681,893**	7,324,450
Income tax payable		**630,467**	-
Total Current Liabilities		**247,751,717**	152,313,829
Noncurrent Liabilities			
Lease liabilities - net of current portion	*17, 18*	**16,746,537**	13,454,860
Retirement benefits liability	*15*	**27,804,285**	29,500,833
Total Noncurrent Liabilities		**44,550,822**	42,955,693
Total Liabilities		**292,302,539**	195,269,522
Equity			
Capital stock	*14*	**27,000,000**	27,000,000
Retained earnings	*14*	**132,185,577**	187,563,997
Retirement benefits reserve		**(8,723,179)**	(9,093,097)
Net Equity		**150,462,398**	205,470,900
		P442,764,937	P400,740,422

See Notes to the Financial Statements.

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PHILPACIFIC INSURANCE BROKERS & MANAGERS, INC.
DOING BUSINESS UNDER THE NAME AND STYLE OF PHILINSURE
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (LOSS)

		Years Ended December 31	
	Note	**2024**	2023
SERVICE REVENUE		**P722,630,920**	P616,924,758
COST OF SERVICES	*11*	**226,358,032**	180,194,843
GROSS INCOME		**496,272,888**	436,729,915
OPERATING EXPENSES	*12*	**211,240,345**	187,554,342
OPERATING INCOME		**285,032,543**	249,175,573
OTHER (EXPENSE) INCOME - net			
Interest income	*4*	**1,625,054**	3,547,320
Unrealized gain on financial assets at fair value through profit or loss	*6, 18*	**91,516**	17,743
Gain on disposal of property and equipment		**58,286**	-
Interest expense	*17*	**(1,771,318)**	(1,413,911)
Foreign currency exchange (loss) gain - net		**(2,558,903)**	1,109,920
		(2,555,365)	3,261,072
INCOME BEFORE INCOME TAX EXPENSE		**282,477,178**	252,436,645
PROVISION FOR INCOME TAX EXPENSE			
Current		**78,006,516**	63,680,212
Deferred		**(5,855,929)**	1,183,962
Final		**325,011**	709,464
	13	**72,475,598**	65,573,638
NET INCOME		**210,001,580**	186,863,007
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will never be reclassified to profit or loss			
Actuarial gain (loss) on defined benefits plan	*15*	**493,224**	(11,880,116)
Tax effect	*13*	**(123,306)**	2,970,029
		369,918	(8,910,087)
TOTAL COMPREHENSIVE INCOME		**P210,371,498**	P177,952,920

See Notes to the Financial Statements.

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PHILPACIFIC INSURANCE BROKERS & MANAGERS, INC.
DOING BUSINESS UNDER THE NAME AND STYLE OF PHILINSURE
STATEMENTS OF CHANGES IN EQUITY

				Years Ended December 31
	Capital Stock (Note 14)	**Retained Earnings** (Note 14)	**Retirement Benefits Reserve**	**Net Equity**
Balance at January 1, 2024	**P27,000,000**	**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**	**P132,185,577**	**(P8,723,179)**	**P150,462,398**
Balance at January 1, 2023	P27,000,000	P199,700,990	(P183,010)	P226,517,980
Cash Dividends	-	(199,000,000)	-	(199,000,000)
Total Comprehensive Income for the Year				
Net income for the year	-	186,863,007	-	186,863,007
Other comprehensive loss	-	-	(8,910,087)	(8,910,087)
	-	186,863,007	(8,910,087)	177,952,920
Balance at December 31, 2023	P27,000,000	P187,563,997	(P9,093,097)	P205,470,900

See Notes to the Financial Statements.

PHILPACIFIC INSURANCE BROKERS & MANAGERS, INC.
DOING BUSINESS UNDER THE NAME AND STYLE OF PHILINSURE
STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	**2024**	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense		**P282,477,178**	P252,436,645
Adjustments for:			
Depreciation and amortization	*8, 9, 12, 17*	**27,673,561**	25,555,135
Retirement benefits cost	*11, 12, 15*	**11,805,249**	9,606,906
Foreign currency exchange loss (gain) - net		**2,558,903**	(1,109,920)
Interest expense	*17*	**1,771,318**	1,413,911
Gain on disposal of property		**(58,286)**	-
Unrealized gain on financial assets at fair value through profit or loss	*6*	**(91,516)**	(17,743)
Interest income	*4*	**(1,625,054)**	(3,547,320)
		324,511,353	284,337,614
Changes in:			
Receivables		**(54,917,683)**	(112,391,536)
Due to insurance companies		**(10,381,273)**	7,558,076
Prepaid expenses and other current assets		**16,947,948**	643,418
Trade and other payables		**22,831,251**	30,056,796
		298,991,596	210,204,368
Interest income received		**1,300,043**	2,837,856
Interest expense paid	*17*	**(1,771,318)**	(1,413,911)
Contributions to retirement plan	*15*	**(13,008,573)**	(15,020,999)
Income taxes paid		**(77,376,049)**	(63,680,212)
Net cash provided by operating activities		**208,135,699**	132,927,102
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of equipment		**362,783**	-
Change in other noncurrent assets		**(2,233,493)**	(37,263)
Additions to property and equipment	*8*	**(30,502,084)**	(13,946,438)
Additions to computer software	*9*	**-**	(300,000)
Payment of account listing	*9*	**-**	(2,000,000)
Net cash used in investing activities		**(32,372,794)**	(16,283,701)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	*17*	**(10,052,929)**	(9,256,233)
Payment of cash dividends	*14*	**(186,380,000)**	(199,000,000)
Total cash used in financing activities		**(196,432,929)**	(208,256,233)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(20,670,024)**	(91,612,832)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(2,558,903)**	1,109,920
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**128,582,805**	219,085,717
CASH AND CASH EQUIVALENTS AT END OF YEAR	*4*	**P105,353,878**	P128,582,805

See Notes to the Financial Statements.

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