

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

S	U	N		L	I	F	E		F	I	N	A	N	C	I	A	L		P	L	A	N	S	,		I	N	C	.

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

2	N	D		F	L	R	.		S	U	N		L	I	F	E		C	E	N	T	R	E						
5	T	H		A	V	E	N	U	E			C	O	R	.		R	I	Z	A	L		D	R	I	V	E		
B	O	N	I	F	A	C	I	O		G	L	O	B	A	L		C	I	T	Y									
T	A	G	U	I	G		C	I	T	Y																			

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

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Company's Telephone Number/s

8	5	5	5	8	8	8	8
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Mobile Number

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No. of Stockholders

6

Annual Meeting
Month/Day

03/26

Fiscal Year
Month/Day

1	2	3	1
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CONTACT PERSON INFORMATION

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

Name of Contact Person

Leo Carl T. Chin

Email Address

leo.carl.chin@sunlife.com
--

Telephone Number/s

8555-8888

Mobile Number

--

Contact Person's Address

2nd Flr Sun Life Centre Bldg 5th Avenue cor. Rizal Drive Bonifacio Global City Taguig City
--

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

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



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



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Company Information

SEC Registration No.: A200014495

Company Name: SUN LIFE FINANCIAL PLANS, INC.

Industry Classification: J68140

Company Type: Stock Corporation

Document Information

Document ID: OST105152026811387668

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2025

Submission Type: Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents

Jose Carlo Miguel Dy

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Submission Date/Time: **Apr 29, 2026 05:30 PM**

Company TIN: **208-551-659**

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- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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

The Management of Sun Life Financial Plans, Inc. (the "Company") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at and for the years ended December 31, 2025 and 2024, in accordance with the Financial Reporting Standards (FRS) for Pre-need Companies in the Philippines, as set forth in the amended Securities and Exchange Commission (SEC) Rule 31, Accounting Standards for Pre-need Plans and Pre-need Uniform Chart of Accounts (PNUCA), and as adopted by the Insurance Commission (IC), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Navarro Amper & Co., the independent auditor appointed by the stockholders for the period December 31, 2025, and 2024, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders has expressed its opinion on the fairness of presentation upon completion of such audit.

[Redacted Signature]

BENEDICTO C. SISON
Chairman of the Board

[Redacted Signature]

MARIA SACHIKO A. PANG
President

[Redacted Signature]

LEO CARL T. CHIN
Treasurer

Signed this 24th day of March 2026

SUBSCRIBED AND SWORN TO BEFORE ME, this MAR 26 2026, in Makati City, Philippines,
affiant exhibited to me his/her ID _____

Name

Government ID

Date/Place of Issue

Benedicto C. Sison

████████████████████

████████████████████

Maria Sachiko A. Pang

████████████████████

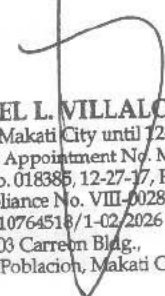
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Leo Carl T. Chin

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Doc. No. 456;
Page No. 93;
Book No. 24;
Series of 2025



ATTY. JOEL L. VILLALON
Notary Public for Makati City until 12-31-2026
Roll No. 51808, Appointment No. M-008
IBP Lifetime No. 018385, 12-27-17, PPLM
MCLE Compliance No. VIII-0028633
PTR No. 10764518/1-02-2026
Unit 203 Carreon Bldg.,
746, Zertaida St., Poblacion, Makati City, 1210



SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

The Board of Directors and Shareholders
SUN LIFE FINANCIAL PLANS, INC.
[A Wholly Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]
2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

Gentlemen:

We have audited the financial statements of Sun Life Financial Plans, Inc. (the "Company") as at and for the year ended December 31, 2025, on which we have rendered the attached report dated April 1, 2026.

In compliance with the revised Securities Regulation Code (SRC) Rule 68, we are stating that the said Company has only one (1) shareholder owning more than one hundred (100) shares.

Navarro Amper & Co.

BOA/PRC ACR. No. 0004, October 1, 2024; valid until September 22, 2027
SEC ACR 0004-SEC (Group A), December 7, 2021; valid to audit 2021 to 2025 financial statements



Joeffrey Mark P. Ferrer

Partner

CPA Certificate No. 0115793

BOA/PRC ACR. No. 0004/P-009, October 1, 2024; valid until September 22, 2027

SEC ACR. 115973-SEC (Group A), August 2, 2022; valid to audit 2021 to 2025 financial statements

IC ACR. No. 115793-IC (Group A), March 9, 2023, valid to audit 2022 to 2026 financial statements

BIR ACR. No. 08-002552-058-2024, July 16, 2024; effective until July 15, 2027

TIN 211-965-340

PTR No. A-6751963, January 9, 2026, Taguig City

Taguig City, Philippines

April 1, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
SUN LIFE FINANCIAL PLANS, INC.
[A Wholly Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]
2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sun Life Financial Plans, Inc. (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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 2024, and its financial performance and its cash flows for the years then ended in accordance with the Financial Reporting Standards (FRS) for Pre-need Companies in the Philippines, as set forth in the amended Securities and Exchange Commission (SEC) Rule 31, Accounting Standards for Pre-need Plans and Pre-need Uniform Chart of Accounts (PNUCA), and as adopted by the Insurance Commission (IC).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Philippines. We have also 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.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which indicated that the Company has decided to temporarily discontinue actively selling pre-need plans until the market environment improves. All existing pre-need plans will continue to be serviced and supported until maturity by the Company's trust fund assets. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with FRS for Pre-need Companies 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We are 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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease 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 audits.

Report on Other Legal and Regulatory Requirements

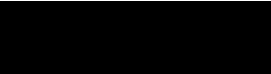
Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 32 to the 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 and 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.

Navarro Amper & Co.

BOA/PRC ACR. No. 0004, October 1, 2024; valid until September 22, 2027

SEC ACR 0004-SEC (Group A), December 7, 2021; valid to audit 2021 to 2025 financial statements



Joeffrey Mark P. Ferrer

Partner

CPA Certificate No. 0115793

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SEC ACR. 115973-SEC (Group A), August 2, 2022; valid to audit 2021 to 2025 financial statements

IC ACR. No. 115793-IC (Group A), March 9, 2023, valid to audit 2022 to 2026 financial statements

BIR ACR. No. 08-002552-058-2024, July 16, 2024; effective until July 15, 2027

TIN 211-965-340

PTR No. A-6751963, January 9, 2026, Taguig City

Taguig City, Philippines

April 1, 2026



SUN LIFE FINANCIAL PLANS, INC.

[A Wholly-Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]

STATEMENTS OF FINANCIAL POSITION

		December 31		January 1
	Notes	2025	2024 (As Restated – See Note 28)	2024 (As Restated – See Note 28)
ASSETS				
Current Assets				
Cash and cash equivalents	7	P105,643,327	P83,601,526	P81,736,797
Receivables	8	3,332,170	4,046,511	72,731,674
Receivable from parent company	15	-	11,372	-
Prepayments and other current assets - net	9	113,633	-	95,756
Total Current Assets		109,089,130	87,659,409	154,564,227
Non-Current Assets				
Trust funds	11	2,923,983,949	3,200,450,203	3,983,685,208
Financial assets at fair value through profit and loss	10	17,425,404	16,785,782	16,260,536
Financial assets at fair value through other comprehensive income	10	212,244,580	213,099,660	217,068,300
Total Non-Current Assets		3,153,653,933	3,430,335,645	4,217,014,044
		P3,262,743,063	P3,517,995,054	P4,371,578,271
LIABILITIES AND EQUITY				
Current Liabilities				
Benefits payable	12	P261,610,626	P259,574,337	P242,081,191
Accrued expenses and other liabilities	13	34,370,702	25,809,277	18,190,828
Counselors' bond reserve	14	864,251	864,251	864,251
Payable to parent company	15	1,376,003	-	2,994,764
Total Current Liabilities		298,221,582	286,247,865	264,131,034
Non-Current Liabilities				
Pre-need reserves	16	2,811,789,876	3,025,606,712	3,856,982,930
Planholders' deposit	17	33,694,254	23,566,035	34,244,531
Total Non-Current Liabilities		2,845,484,130	3,049,172,747	3,891,227,461
		3,143,705,712	3,335,420,612	4,155,358,495
Equity				
Share capital	18	125,000,000	125,000,000	125,000,000
Contributed surplus	19	687,000,000	687,000,000	687,000,000
Investment revaluation reserves	20	112,438,536	117,971,793	167,824,373
Accumulated trust fund income	11	7,304,742,350	7,144,838,862	6,968,331,470
Deficit		(8,110,143,535)	(7,892,236,213)	(7,731,936,067)
		119,037,351	182,574,442	216,219,776
		P3,262,743,063	P3,517,995,054	P4,371,578,271

See Notes to Financial Statements.

SUN LIFE FINANCIAL PLANS, INC.

[A Wholly-Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]

STATEMENTS OF COMPREHENSIVE INCOME**For the Years Ended December 31**

		2025	2024 (As restated – See Note 28)
Revenues			
Premium revenue	21, 28	P36,904,246	P59,774,550
Trust fund income - net	11	159,903,488	176,507,392
Investment income	25	14,675,758	14,654,941
Other income	26	480,553	1,900,884
		211,964,045	252,837,767
Expenses			
Cost of contracts issued	22	(213,741,012)	(831,123,309)
Direct costs and expenses	23	447,925,875	1,047,204,287
General and administrative expenses	24	32,470,091	17,247,905
		266,654,954	233,328,883
Profit (Loss) Before Tax		(54,690,909)	19,508,884
Income Tax Expense	27	3,312,925	3,301,639
Profit (Loss) for the Year		(58,003,834)	16,207,245
Other Comprehensive Income			
Item that will be reclassified subsequently to profit or loss			
Fair value gain (loss) on financial assets at FVOCI	20	(5,533,257)	(49,852,580)
Total Comprehensive Loss		(P63,537,091)	(P33,645,335)

See Notes to Financial Statements.

SUN LIFE FINANCIAL PLANS, INC.

[A Wholly-Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2025 and 2024 (As Restated – See Note 28)

	Notes	Share Capital			Additional Paid-in Capital	Contributed Surplus	Investment Revaluation Reserves	Deficit	Accumulated Trust Fund Income	Total
		Ordinary	Preference	Total Share Capital						
Balance, January 1, 2024		P75,000,000	P50,000,000	P125,000,000	P375,000,000	P687,000,000	P167,824,373	(P8,157,207,894)	P6,968,331,470	P165,947,949
Effects of Restatements	28	-	-	-	(375,000,000)	-	-	425,271,828	-	50,271,828
Balance, January 1, 2024, as restated		75,000,000	50,000,000	125,000,000	-	687,000,000	167,824,373	(7,731,936,067)	6,968,331,470	216,219,777
Net loss for the year		-	-	-	-	-	-	(160,300,147)	-	(160,300,147)
Trust fund income - net	11	-	-	-	-	-	-	-	176,507,392	176,507,392
Other comprehensive loss	20	-	-	-	-	-	(49,852,580)	-	-	(49,852,580)
Total comprehensive loss		-	-	-	-	-	(49,852,580)	(160,300,147)	176,507,392	(33,645,335)
Balance, December 31, 2024		75,000,000	50,000,000	125,000,000	-	687,000,000	117,971,793	(7,892,236,213)	7,144,838,862	182,574,442
Net loss for the year		-	-	-	-	-	-	(217,907,322)	-	(217,907,322)
Trust fund income - net	11	-	-	-	-	-	-	-	159,903,488	159,903,488
Other comprehensive loss	20	-	-	-	-	-	(5,533,257)	-	-	(5,533,257)
Total comprehensive loss		-	-	-	-	-	(5,533,257)	(217,907,322)	159,903,488	(63,537,091)
Balance, December 31, 2025		P75,000,000	P50,000,000	P125,000,000	P	-P687,000,000	P112,438,536	(P8,110,143,535)	P7,304,742,350	P119,037,351

See Notes to Financial Statements.

SUN LIFE FINANCIAL PLANS, INC.

[A Wholly-Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]

STATEMENTS OF CASH FLOWS

		For the Years Ended December 31	
	Notes	2025	2024 (As Restated – See Note 28)
Cash Flows from Operating Activities			
Profit (Loss) before tax		(P54,690,909)	P19,508,884
Adjustments for:			
Pre-need reserves	16	(213,816,836)	(831,376,218)
Trust fund income	11	(159,903,488)	(176,507,392)
Investment income	25	(14,675,758)	(14,654,941)
Provision (Recovery) for non-recoverable prepaid tax	9, 24	(1,673,757)	1,200,010
Amortization of premium-net	10	2,514,040	2,386,800
Operating cash flows before working capital changes		(442,246,708)	(999,442,857)
Decrease (Increase) in:			
Receivables		702,480	68,698,712
Receivable from parent		11,372	(1,104,253)
Prepayments and other current assets		1,560,123	-
Increase (Decrease) in:			
Accrued expenses and other liabilities		8,561,426	7,618,450
Benefits payable		2,036,289	17,493,146
Payable to parent company		1,376,003	(3,006,136)
Planholders deposit		10,128,219	(10,678,496)
Cash used in operations		(417,870,796)	(920,421,434)
Income taxes paid		(3,312,925)	(3,301,639)
Net cash used in operating activities		(421,183,721)	(923,723,073)
Cash Flows from Investing Activities			
Interest income received		14,047,797	14,116,345
Trust fund contributions	11	(48,382,624)	(80,347,600)
Withdrawals from trust funds	11	477,560,349	991,819,057
Net cash from investing activities		443,225,522	925,587,802
Net Increase in Cash and Cash Equivalents		22,041,801	1,864,729
Cash and Cash Equivalents, Beginning		83,601,526	81,736,797
Cash and Cash Equivalents, End	7	P105,643,327	P83,601,526

See Notes to Financial Statements.

SUN LIFE FINANCIAL PLANS, INC.

[A Wholly-Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

Sun Life Financial Plans, Inc. (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on September 18, 2000 and started commercial operations on June 1, 2001. Its primary purpose is to engage mainly in the development of lawful institutional medium for the maintenance, conduct, operation, marketing and sales of any and all types of securities (without acting as stock broker) including, but not limited to education plans, pension plans, retirement income or retirement plans and life plans, with all the requisite services and facilities, merchandise, equipment or articles essential or relevant to such securities and services to be delivered in the future to planholders, enrollees, purchasers, and subscribers.

The Company is a wholly owned subsidiary of Sun Life of Canada (Philippines), Inc. (SLOCPI). SLOCPI, a wholly owned subsidiary of Sun Life of Canada (Netherlands) B.V., is a stock life insurance company authorized to engage in, conduct, transact, carry on and undertake the business of life insurance, including accident and health insurance. The Company's ultimate parent company is Sun Life Financial, Inc., a company incorporated under the laws of Canada.

The Company's registered office address and principal place of business is Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City.

Status of Operations

On March 1, 2010, the Company decided to temporarily discontinue actively selling pre-need plans until the pre-need market environment improves. All existing pre-need plans are currently being serviced and supported until maturity by the Company's trust fund assets.

On December 6, 2022, SLOCPI's Board of Directors (BOD) approved to infuse up to P500,000,000 to fund any future capital requirements of the Company.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The financial statements of the Company have been prepared in accordance with the financial reporting standards in the Philippines for pre-need companies. Financial reporting standards in the Philippines for pre-need companies consist of the Pre-Need Rule 31, As Amended, Accounting Standards for Pre-need and Pre-Need Uniform Chart of Accounts (PNUCA) as required by the SEC and adopted by the Insurance Commission (IC) applicable to Pre-Need Companies in the Philippines and the Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The PFRS Accounting Standards includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) as approved by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) and Board of Accountancy and adopted by the SEC.

Basis of Preparation and Presentation

The financial statements of the Company have been prepared on the historical cost basis, except for:

- certain financial instruments carried at fair value,
- certain financial instruments measured at amortized cost, and
- pre-need reserves carried at present value of expected funding required to settle pre-need benefits guaranteed and payable by the Company.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services received at inception.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The notes related to the third statement of financial position are not required to be disclosed.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and Presentation Currency

The financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Company operates. All amounts are recorded in the nearest peso, except when otherwise indicated.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Amended Accounting Standards Effective in 2025

In the current year, the Company has applied PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* that are mandatorily effective for accounting periods beginning on or after January 1, 2025. Their adoption has not had a material impact on the disclosures or the amounts reported in these financial statements.

New and Revised Accounting Standards Effective after the Reporting Period Ended December 31, 2025

At the date of authorization of these financial statements, the company has not applied the following PFRS Accounting Standards pronouncements that have been issued but are not yet effective:

Effective for annual period beginning or after January 1, 2026

- Amendments to PFRS 9, *Financial Instruments* and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9, *Financial Instruments* and PFRS 7, *Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards – Volume 11

Effective for annual period beginning or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- PFRS 17, *Insurance Contracts*
- Amendment to PFRS 17, *Insurance Contracts - Initial Application* and PFRS 9, *Financial Instruments - Comparative Information*
- Amendments to PAS 21, *Effect of Changes in Foreign Exchange Rates - Lack of Exchangeability*

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*.

Management anticipates that the adoption of the new or revised PFRS Accounting Standards in future periods will not have a material impact on the financial statements in the period of their initial adoption except for PFRS 18, *Presentation and Disclosures in Financial Statements*.

PFRS 18 replaces PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements. In addition, some PAS 1 paragraphs have been moved to PAS 8 and PFRS 7. Furthermore, the FSRSC has made minor amendments to PAS 7 and PAS 33 Earnings per Share.

PFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply PFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised PAS 8 and PFRS 7, become effective when an entity applies PFRS 18. PFRS 18 requires retrospective application with specific transition provisions.

4. PRE-NEED RULES

On December 3, 2009, the Republic Act (RA) No. 9829, An Act Establishing the Pre-need Code of the Philippines, was approved. It is a consolidation of Senate Bill No. 2077 and House Bill No. 6407 passed by the Senate and the House of Representatives on September 30, 2009 and September 29, 2009, respectively.

Implementing Rules and Regulations (IRR) of RA No. 9829

After the issuance of RA 9829, the Commission issued the IRR on March 8, 2010. The salient provisions of the IRR are the same with that of RA No. 9829.

Pre-Need Rule 31, as Amended: Accounting Standards for Pre-Need Plans and PNUCA

On May 10, 2007, the Pre-Need Rule 31: Accounting Standards for Pre-Need Plans and PNUCA was amended.

The following are the significant provisions under the Amended Pre-Need Rule 31:

- a. The net asset value in the trust funds shall be at least equal to the required Pre-Need Reserves (PNR) as determined by a qualified actuary using the method prescribed in this rule.
- b. All requirements under the rules and regulations as may be promulgated by the IC on trust funds shall be complied with.
- c. PNR shall be set up for all pre-need benefits guaranteed and payable by the pre-need company as defined in the pre-need plan contracts.
- d. Unless the SEC shall so specifically require, a company may at its option set up other provisions as a prudent measure.
- e. Premiums from sale of pre-need plans shall be recognized as earned when collected. When premiums are recognized as income, the related cost of contracts shall be computed, with the result that benefits and expenses are matched with such income.
- f. The amount of restricted/appropriated and unrestricted/unappropriated retained earnings shall be separately presented in the statements of changes in equity.
- g. No appropriation of the retained earnings shall be made by the Company unless the same is approved by the SEC or allowed in the Pre-need Rules.
- h. In recognizing PNR, the general requirements of PAS 37, *Provision, Contingent Liabilities and Contingent Assets*, on provisioning and the specific methodology provided shall be complied with. The amount recognized as a provision to cover the PNR shall be the best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of a provision.
- i. Since the effect of the time value of money for pre-need plans is material, the amount of provision shall be the present value of the funding expected to be required to settle the obligation with due consideration of different probabilities.
- j. Future events that may affect the foregoing amounts shall be reflected in the amount of the provision for PNR where there is sufficient objective evidence that they will occur.
- k. The rates of surrender, cancellation, reinstatement, utilization, and inflation, when applied, must consider the actual experience of the pre-need company in the last three (3) years, or the industry, in the absence of a reliable company experience.
- l. The computation of the foregoing assumptions shall be validated by the internal qualified actuary of the pre-need company. His or her validation report shall be provided to its external auditors for purposes of statutory audit of the financial statements of the Company and shall be submitted to the IC as a separate report.
- m. The probability of pre-termination or surrender of fully paid plans shall be considered in determining the PNR of fully paid plans. A pre-termination experience on fully paid plans of 5% and below shall be considered insignificant. In such cases, derecognition of liability shall be recorded at pre-termination date.
- n. The disclosure requirements under PAS 1 relative to methods and assumptions used to estimate the PNR including the sensitivity of the PNR amount shall be complied with.

- o. Any excess in the amount of the trust fund as a result of the revised reserving method shall neither be released from the fund nor be credited/off-set to future required contributions.

5. MATERIAL ACCOUNTING POLICY INFORMATION

Financial Instruments

Financial assets and financial liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

Classification and subsequent measurement

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Fair value is determined in the manner described in Note 29.

Financial assets are subsequently measured at amortized cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Amortized cost and effective interest method

For financial instruments, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Interest income is recognized using the effective interest method for debt instruments and calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired.

Debt instruments classified as at Fair Value through Other Comprehensive Income (FVTOCI)

Government securities held by the Company are classified as at FVTOCI. Changes in the carrying amount of these government securities as a result of foreign exchange gains and losses, impairment losses, and interest income calculated using the effective interest method are recognized in profit or loss.

All other changes in the carrying amount of these government securities are recognized in other comprehensive income and accumulated under investments revaluation reserve. When these government securities are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

Equity instruments at Fair Value through Profit or Loss (FVTPL)

The Company's financial assets at FVTPL consist of investments in mutual funds and those which are included as part of Trust Fund assets.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of Financial Assets

The Company recognizes a loss allowance for expected credit losses (ECL) on financial assets at amortized cost and debt instruments measured at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of debt instruments that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate (EIR) method, regardless of whether it is measured on an individual basis or a collective basis.

Default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Write-off

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in profit or loss, with the exception of equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities at amortized cost

These are initially measured at fair value, net of transaction costs that are directly attributable to the acquisition or issue of financial liabilities and are subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The company derecognizes financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity Instruments

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are considered as a deduction from the proceeds, net of tax.

Preference shares

Preference shares are classified as equity if they are non-redeemable, or redeemable only at the Company's option, and any dividends that are discretionary dividends thereon are recognized as distribution within equity upon approval by the Company's shareholders.

Additional paid-in capital

Additional paid-in capital is classified as equity and refers to the amount received by the Company for subscription of shares in excess of par value of the shares.

Contributed surplus

Contributed surplus refers to the amount raised by the Company in the form of capital infusion without issuance of shares.

Investment revaluation reserves

Investment revaluation reserves represent the increase or decrease in the market value of the financial assets at FVTOCI.

Deficit

Deficit represents accumulated losses incurred by the Company. Deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Accumulated trust fund income

Accumulated trust fund income refers to the net income generated from the trust funds since inception.

Contingent Liabilities

Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Pre-need Reserves (PNR)

PNR are calculated on the basis of the methodology and assumptions set out below:

- a. The formula, methods and assumptions used for the valuation of reserves are based on the SEC Notice dated April 20, 2007, and subsequent SEC Interpretative Bulletin No. 1, Series of 2008 on its implementation. These may be different from the reserve formula, methods and assumptions used in the computation of actuarial reserve submitted to the SEC upon the application for product approval or upon the application for revisions to be done on existing products subsequently approved by the SEC.
- b. PNR is set up for all pre-need benefits guaranteed and payable by the pre-need company as defined in the pre-need plan contracts.
- c. In recognizing PNR for educational and pension plans, the general requirements of PAS 37 on provisioning and the specific methodology are complied with by the Company.
- d. The amount recognized as a provision to cover the PNR is the best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision.
- e. Since the effect of the time value of money for pre-need plans is material, the amount of provision is the present value of the funding expected to be required to settle the obligation with due consideration of the different probabilities, as follows:
 - i. On currently-being-paid plans
 1. Provision for termination values applying the surrender rate experience of the Company.
 2. Liability is set-up for the portion of currently-being-paid plans that will reach full payment, applying the full payment experience of the Company. It is equivalent to the present value of future maturity benefits reduced by the present value of future trust fund contributions discounted using the appropriate discount rate.

Currently-Being-Paid Plans pertain to accounts that are up to date in payment and include in-force plans as defined in the contract provision, i.e., plans within the 60-day grace period.
 - ii. On lapsed plans within the allowable reinstatement period
Provision for termination values applying the reinstatement experience of the Company.
 - iii. Fully paid plans
The reserve is the present value of future maturity benefits discounted using the appropriate discount rate.
- f. The actual experience of the Company in the last three (3) years is considered in the application of rates (surrender, cancellation, reinstatement, utilization, and inflation).
- g. The actuary validated the actuarial assumptions used in reserve valuation.
- h. No pre-termination or surrender of fully paid plans are considered in determining the PNR of fully paid plans.

- i. Any excess in the amount of the trust fund as a result of the initial adoption of the revised reserving method is not released from the fund nor credited/offset to future required contributions.
- j. Individual subsidiary accounts for education plans and pension plans are maintained.
- k. To effect a smooth transition in the valuation of reserves for old basket of plans, the IC through its Circular Letter (CL) No. 23-2012, prescribed a Transitory Pre-Need Reserves (TPNR) in 2012. A maximum period of ten (10) years shall be observed in the implementation of the TPNR.

For each of the pre-need plan categories, namely, education and pension, the TPNR shall be computed annually on all old baskets of plans outstanding on the 31st of December of each year from 2012 to 2021 using the discount interest rates as provided by the IC in its CL. If the actual trust fund balance is higher or equal to the resulting pre-need reserve, then the liability to be set-up shall be the PNR. However, if the resulting pre-need reserve is greater than the actual trust fund balance at the end of the year, the TPNR shall be computed in accordance with the schedule provided by the IC.

The TPNR liability based on the schedule provided by the IC shall be recognized and booked each year. The trust fund deficiency shall be funded by the pre-need company within (60) days from April 30 following the valuation date.

While the CL is applicable until December 2021, the provisions in this CL are adopted for December 2025 and 2024 valuation such as maximum discount rates and trust fund deficiency determination and funding.

Revenue Recognition

The Company recognizes income from sale of pre-need plans, interest from fixed income securities and income from trust fund assets.

Premium revenue

Premium revenue arising from the sale of pre-need plans is recognized as earned when collected. When premiums are recognized as income, the related cost of contracts shall be computed and booked with the result that benefits and expenses are matched with such income.

The amount of premium installments collectible from the planholders is not recognized as receivable in accordance with Pre-Need Rule 31, As Amended: Accounting Standards for Pre-need Plans and PNUCA adopted by the Company on January 1, 2007.

Trust fund income

Trust fund income is recognized when earned and is recognized net of management fees and taxes. This income is restricted to payments of benefits as provided in the pre-need plan contracts. The movement in the current year is rolled up to accumulated trust fund income in the statements of changes in equity.

Investment income

Investment income is recognized in profit or loss as it accrues, taking into account the effective yield of the assets or liability or an applicable floating rate. Interest income and expense include the amortization of any discount or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Expense Recognition

Expenses are recognized in the profit or loss when incurred.

Expenses in the statements of comprehensive income are presented using the nature of expense method. Cost of contracts issued and other direct costs and expenses are expenses that are associated with the plans sold, and includes the increase or decrease in PNR as at the current year as compared to the provision for the same period of the previous year, amount of trust fund contribution for the year, increase in other reserves and documentary stamp tax and SEC registration fees. General and administrative

expenses are costs attributable to administrative, marketing, selling and other business activities of the Company.

Related Party Transactions

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions.

Income Tax

Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax (MCIT) rate, whichever is higher.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgment in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets and there is no changes in business model during the year.

The Company measures its investment in trust fund financial assets at amortized cost if the financial asset qualifies for both SPPI and business model test. All other financial assets that do not meet the SPPI and business model test are measured at FVTPL or FVTOCI.

The financial assets measured at amortized cost included in Trust funds amounted to P179,838,605 and P249,696,075 as at December 31, 2025 and 2024 as disclosed in Note 11.

Key Sources of Estimation Uncertainty

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

Deferred tax assets

The Company reviews the carrying amount at the end of each reporting period and reduces deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

As at December 31, 2025 and 2024, deferred tax asset on net operating loss carry-over (NOLCO) amounting to P246,685,963 and P334,523,158 respectively, was not recognized in the statements of financial position because Management believes it is not probable that the Company will be able to realize the tax benefit arising from NOLCO, as disclosed in Note 27.

Estimating PNR and other reserves

PNR and other reserves are set up for all pre-need benefits guaranteed and payable by the pre-need company as defined in the pre-need education and pension plan contracts. By definition, it is an estimation of the Company's present obligation to its planholders at a particular valuation date, and considers the value of future plan benefits and the contribution to reserves in the calculation. The Company is guided by existing regulatory rules/circulars and generally accepted actuarial principles in the calculation of PNR and other reserves. It uses assumptions based on Company's experience. These actuarial assumptions include interest rate, surrender and lapse rate, reinstatement rate and other assumptions necessary to estimate the reserve requirements. The valuation data file includes inforce, paid up and lapsed plans. Calculations are done per planholder; a reinstatement rate assumption is used to determine the reserves for lapsed plans.

The carrying amount of PNR as at December 31, 2025 and 2024 amounted to P2,811,789,876 and P3,025,606,712, respectively, as disclosed in Note 16.

Contingencies

The Company is currently involved in various legal proceedings and tax assessments, as disclosed in Note 32. Estimates of probable costs for the resolution of these claims have been developed in consultation with external counsel handling the defense in these matters and are based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Company's strategies relating to these proceedings.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2025	2024
Cash on hand and in banks	P 6,585,115	P24,201,526
Cash equivalents	99,058,212	59,400,000
	P105,643,327	P83,601,526

Cash in banks earned interest at the respective bank deposit rates ranging from 0.03% to 0.15% and 0.15% to 0.30% in 2025 and 2024. Cash equivalents represent short-term deposits varying from one day to two months depending on the cash requirements of the Company and earn annual interest rates ranging from 0.15% to 2.79% in 2025 and 0.15% to 6.25% in 2024. Interest income from cash in banks and cash equivalents amounted to P1,680,176 and P1,646,495 in 2025 and 2024, respectively, as disclosed in Note 25.

8. RECEIVABLES

Receivables consist of:

	2025	2024
Accrued interest	P3,011,776	P3,023,636
Other receivables	320,394	1,022,875
	P3,332,170	P4,046,511

Accrued interest pertains to interest receivable on cash in banks, cash equivalents, and FVTOCI financial assets.

The Company believes that no credit provision on receivables is required since there has been no significant change in their credit quality.

9. PREPAYMENTS AND OTHER ASSETS - net

The details of the Company's prepayments and other current assets are shown below:

	2025	2024
Prepaid taxes	P26,885,717	P25,211,960
Less: Allowance for non-recoverable prepaid taxes	26,885,717	25,211,960
	-	-
Prepaid expenses	113,633	-
	P 113,633	P -

Movements in the allowance for non-recoverable prepaid taxes are as follows:

	Note	2025	2024
Balance, beginning		P25,211,960	P24,011,950
Additions	24	1,673,757	1,200,010
Balance, ending		P26,885,717	P25,211,960

The Company provided valuation allowance for impairment on these prepaid taxes (creditable withholding taxes) amounting to P26,885,717 and P25,211,960 at December 31, 2025 and 2024, respectively, because the Management believes that the Company will not be able to avail of the tax benefit arising from these prepaid taxes in the future.

Prepaid expenses include prepaid license renewals, prepaid documentary stamp tax and other local business taxes.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

These accounts consist of:

A. Financial assets at fair value through other comprehensive income (FVTOCI)

	2025	2024
Investments in government securities	P212,244,580	P213,099,660

The movements in FVTOCI financial assets are as follows:

	Note	2025	2024
Balance, beginning		P213,099,660	P217,068,300
Net premium amortization		(2,514,040)	(2,386,800)
Fair value adjustments	20	1,658,960	(1,581,840)
Balance, ending		P212,244,580	P213,099,660

The fair values of these financial assets are based on quoted market prices. The revaluation of these investments resulted in a net gain (loss) of P1,658,960 and of (P1,581,840) in 2025 and 2024, respectively as disclosed in Note 20.

The interest income, including amortization of discount and premium on government securities in 2025 and 2024 amounted to P12,355,960 and P12,483,200 respectively as disclosed in Note 25.

B. Financial assets at fair value through profit and loss (FVTPL)

	2025	2024
Investments in mutual fund	P17,425,404	P16,785,782

The movements in FVTPL financial assets are as follows:

	Note	2025	2024
Balance, beginning		P16,785,782	P16,260,536
Fair value adjustments	25	639,622	525,246
Balance, ending		P17,425,404	P16,785,782

There were no disposals of mutual funds in 2025 and 2024.

11. TRUST FUNDS

The Company has trust funds which are being administered by Banco de Oro Unibank, Inc. (BDO). These trust funds are for the fulfilment of the Company's obligations on outstanding pre-need contracts. In compliance with the rules and regulations of the SEC which were adopted by the IC and in accordance with the terms of the trust agreements, withdrawals from the trust funds are limited to payments of pre-need plan benefits, bank charges and investment expenses for the operation of the trust funds, termination value paid to planholders and final taxes on investment income of the trust funds, among others.

As mandated by the IC, an actuarial valuation of the adequacy of the trust funds shall be submitted to the IC within 120 days after the end of every fiscal year of the Company. Any deficiency in the trust funds shall be funded within 30 days after receipt of notice of deficiency from the IC.

As at December 31, 2025 and 2024, the Company's trust funds and the required PNRs are as follows:

Type of Pre-need Product	Trust Fund Equity	Pre-need Reserves	Excess (Deficit)
(Note 16)			
2025			
Education	P 813,774,352	P 778,108,198	P35,666,154
Pension	2,028,673,193	2,033,681,678	(5,008,485)
	P2,842,447,545	P2,811,789,876	P30,657,669
2024			
Education	P1,000,640,840	P 981,054,422	P19,586,418
Pension	2,063,498,954	2,044,552,290	18,946,664
	P3,064,139,794	P3,025,606,712	P38,533,082

In 2025 and 2024, Trust Fund Equity shown above is based on trust fund financial statements after adjustment on receivable from a trustee bank and amounts on deposit and benefits payable not yet withdrawn from the trust fund.

As at December 31, 2025, the trust fund equity was higher than the pre-need reserve and was sufficient.

As at December 31, 2025, the amount that will be funded is the total deficiency amounting to P5,008,485 for the Pension segment. The Company subsequently contributed P5,100,000 in February 2026 to cover the trust fund deficiency.

Total contributions to the trust funds amounted to P48,382,624 and P80,347,600 in 2025 and 2024, respectively, as disclosed in Note 16.

The details of the adjusted trust funds are as follows:

Statements of financial position

	2025			2024
	Pension	Education	Total	
Assets				
Cash and cash equivalents	P 86,794	P 123,306	P 210,100	P 46,335,291
Financial assets at amortized cost	179,628,505	-	179,628,505	203,360,784
Financial assets at FVTOCI	1,778,794,138	737,786,819	2,516,580,957	2,723,918,727
Financial assets at FVTPL	79,598,396	105,672,718	185,271,114	181,572,542
Interest receivable	31,701,471	12,492,673	44,194,144	47,678,052
Other asset	-	-	-	67,153
	2,069,809,304	856,075,516	2,925,884,820	3,202,932,549
Liabilities				
Accrued expenses and other liabilities	1,338,546	562,325	1,900,871	2,482,346
	P2,068,470,758	P855,513,191	P2,923,983,949	P3,200,450,203
Equity				
Fund balance, beginning	(P3,301,638,330)	(P778,004,550)	(P4,079,642,880)	(P3,168,171,423)
Additional contributions	48,328,893	53,731	48,382,624	80,347,600
Withdrawals	(217,292,107)	(260,268,242)	(477,560,349)	(991,819,057)
Trust fund contributions – Net	(168,963,214)	(260,214,511)	(429,177,725)	(911,471,457)
Fund balance, ending	(3,470,601,544)	(1,038,219,061)	(4,508,820,605)	(4,079,642,880)
Reserve for fluctuation FVTOCIs	80,942,995	47,119,209	128,062,204	135,254,221
Accumulated trust fund income, beginning	5,341,241,071	1,803,597,791	7,144,838,862	6,968,331,470
Trust fund income - net	116,888,236	43,015,252	159,903,488	176,507,392
Accumulated trust fund income, ending	5,458,129,307	1,846,613,043	7,304,742,350	7,144,838,862
	P 2,068,470,758	P 855,513,191	P 2,923,983,949	P 3,200,450,203

Trust Fund Income-net

	2025			2024
	Pension	Education	Total	
Income	P123,094,374	P45,914,359	P169,008,733	P187,519,090
Expenses	6,206,138	2,899,107	9,105,245	11,011,698
Net income	P116,888,236	P43,015,252	P159,903,488	P176,507,392

The fair values change in the FVTPL investments are included in the trust fund income-net amounting to loss of P9,198,335 in 2025 and gain of P3,957,673 in 2024.

The following table presents the maturity profile of the carrying amounts of the financial asset at FVTOCI under trust fund assets as at December 31, 2025 and 2024:

	2025	2024
Due within one year	P 436,135,524	P 84,264,854
Due after one year through five years	1,266,672,177	1,377,670,831
Due after five years and above	813,773,256	1,261,983,042
	P2,516,580,957	P2,723,918,727

FVTOCI investments of the trust funds include investments in treasury notes and bonds measured at fair values based on quoted prices of either done deals or bid rates. The revaluation of these investments resulted in a loss on fair value measurement amounting to P7,192,217 and P48,270,740 in 2025 and 2024, respectively, as disclosed in Note 20.

The following table presents the maturity profile of the principal amounts of the financial asset amortized cost under trust fund assets as at December 31, 2025 and 2024:

	2025	2024
Due within one year	P 48,748,716	P 22,596,273
Due after one year through five years	87,454,458	126,573,667
Due after five years and above	53,751,326	54,190,844
	P189,954,500	P203,360,784

Financial assets at amortized cost include cash and cash equivalents, held to collect investment in government securities, interest receivables and other assets.

Pursuant to Section 36 of the Implementing Rules and Regulations (IRR) of Republic Act No. 9829, otherwise known as the Pre-need Code of the Philippines, the IC issued guidelines on the Management of the Trust Fund of the Pre-need Corporation which supersede Sections 16 and 74 of Republic Act No. 8799 dated March 8, 2010. The significant provisions of the IC's New Rules relating to investments in trust funds as amended are as follows:

1. Fixed income instruments - These may be classified into short-term and long-term instruments. The instrument is short-term if the term to maturity is 365 days or less. This category includes:

- a. Government securities which shall not be less than 10% of the trust fund amount;
- b. Savings/time deposits and unit investment trust funds maintained with and managed by a duly authorized bank with satisfactory examination rating as of the last examination by the Bangko Sentral ng Pilipinas (BSP);
- c. Commercial papers duly registered with the SEC with a credit rating of "1" for short term and "AAA" for long term based on the rating scale of an accredited Philippine Rating Agency or its equivalent at the time of investment, provide that, the maximum exposure to long-term commercial papers shall not exceed 15% of the total trust fund amount while the exposure to each commercial paper issuer shall not exceed 10% of the allocated amount; and
- d. Direct loans to corporations which are financially stable, profitable for the last three (3) years and have a good track record of paying their previous loans.

These loans shall be fully secured by a real estate mortgage up to the extent of 60% of the zonal valuation of the property at the time the loan was granted.

The property shall be covered by a transfer certificate of title registered in the name of the mortgagor and free from liens and encumbrances.

The maximum amount to be allocated for direct loans shall not exceed 5% of the total trust fund amount while the amount to be granted to each corporate borrower shall not exceed 10% of the amount allocated.

The maximum term of the loan should be no longer than four (4) years.

Direct loans to planholders are exempt from the limitations set forth under this Section, provided that such loans to planholders shall not exceed 10% of the total trust fund amount.

Equities - Investments in equities shall be limited to stocks listed on the main board of the local stock exchange. Investments in duly registered collective investment instruments such as mutual funds are allowed hereunder, provided that such funds are invested only in fixed income instruments and blue chips securities, subject to the limitations prescribed by laws, rules and regulations. These investments shall include stocks issued by companies that are financially stable, actively traded, possess good track record of growth and have declared dividends for the past three (3) years. Notwithstanding the prohibition against transactions with directors,

officers, stockholders and related interests, the trustee may invest in equities of companies related to the trustee provided these companies comply with the foregoing criteria provided in this paragraph for equity investments.

The amount to be allocated for this purpose shall not exceed 30% of the total trust fund while the investment in any particular issue shall not exceed 10% of the allocated amount. The investment shall be recorded at the aggregate of the lower of cost or market.

Existing investments which are not in accordance herewith shall be disposed of within three (3) years from the effectivity of the Pre-need Code.

2. Real Estate - These shall include real estate properties located in strategic areas of cities and first class municipalities. The transfer certificate of title (TCT) shall be in the name of the seller, free from liens and encumbrances and shall be transferred in the name of the trustee in trust for the planholders unless the seller/transferor is the pre-need company wherein an annotation to the TCT relative to the sale/transfer may be allowed. It shall be recorded at acquisition cost.

However, the real estate shall be appraised every three (3) years by a licensed real estate appraiser, accredited by the Philippine Association of Real Estate Appraisers, to reflect the increase or decrease in the value of the property. In case the appraisal would result in an increase in the value, only 60% of the appraisal increase is allowed to be recorded in the books of the trust fund but in case of decline in value, the entire decline shall be recorded. Appraisal increment should not be used to cover-up the required monthly contribution to the trust fund.

The total recorded value of the real estate investment shall not exceed 10% of the total trust fund amount of the pre-need company. In the event that the existing real estate investment exceeds the aforesaid limit, the same shall be leveled off to the prescribed limit within three (3) years from the effectivity of the Pre -need Code. Investment of the trust fund, which is not in accordance with the preceding paragraphs, shall not be allowed unless the prior written approval of the Commission had been secured.

Provided further, that no deposit or investment in any single entity shall exceed 15% of the total value of the trust fund. Provided finally, that the Commission is authorized to adjust the percentage allocation per category set forth herein not in excess of 2% points upward or downward and no oftener than once every five (5) years. The first adjustment hereunder may be made no earlier than five (5) years from the effectivity of the Pre-need Code. The pre-need company shall not use the trust fund to extend any loan to or to invest in its directors, stockholders, officers or its affiliates.

The Company has fully complied with all the implementing guidelines of the abovementioned IRR for 202. The final amount of non-admitted assets for the year 2025 can be determined only after the investments in trust funds have been examined by the IC.

12. BENEFITS PAYABLE

Benefits payable amounting to P261,610,626 and P259,574,337 as at December 31, 2025 and 2024, respectively, represent amounts due to planholders and beneficiaries, in the course of settlement and incurred but unpaid claims on the pre-need contracts, such as due but unpaid matured benefits, surrender benefits and annuity payments.

13. ACCRUED EXPENSES AND OTHER LIABILITIES

This account includes the following:

	2025	2024
Bank credits	P16,134,035	P13,563,108
Due to trustee	9,003,391	9,211,793
Professional fees	8,107,201	985,040
Payable to agents	922,000	1,039,175
Taxes payable	204,075	1,010,161
	P34,370,702	P25,809,277

Due to trustee represents the trust fund contribution collected from planholders for remittance to trustee bank.

The bank credits pertain to deposits made by planholders who failed to include plan numbers. Hence, tagged as unidentifiable bank credits.

Taxes payable relate to taxes to be remitted to the government which are settled within prescribed due dates.

The Company's liabilities are not subject to interest charges.

14. COUNSELORS' BOND RESERVE

Counselors' bond reserve amounting to P864,251 as at December 31, 2025 and 2024 represents the aggregate amount of deductions from agents' commissions, bonuses and other cash incentives. Upon separation of an agent from the Company, the agent's accountability will be deducted from the accumulated bond reserve upon securing of approved and updated clearance from the Licensing section.

15. RELATED PARTY TRANSACTIONS

The Company has the following transactions and outstanding balances with the Parent Company as at and for the years ended December 31:

Category	Amounts	Receivable (Payable)	Terms	Conditions	Notes
2025					
Parent Company					
Chargeback	P14,451,564	(P 1,326,377)	30-day: non-interest bearing, settled in cash	Unsecured, not guaranteed	a, Note 24
Premiums	380,099	(49,626)	30-day: non-interest bearing, settled in cash	Unsecured, not guaranteed	b, c
		(P1,376,003)			
2024					
Parent Company					
Chargeback	P15,057,074	P -	30-day: non-interest bearing settled in cash	Unsecured	a, Note 24
Premiums	294,159	11,372	30-day: non-interest bearing settled in cash	Unsecured	b, c
		P11,372			

a. The Company has transactions with SLOCPI which consist mainly of intercompany billings to cover shared costs and operating expenses such as systems, operations,

human resources, legal and internal audit functions and others, which are being settled in cash on or before the 30th day of each month.

- b. Other pre-need plans (educational and pension plans) have embedded credit life and credit disability benefits which are insured by SLOCPI. Outstanding balances are included as part of receivable and payable to parent company.
- c. The remuneration of key management personnel is provided by SLOCPI.

16. PRE-NEED RESERVES (PNR)

Movements in the Company's PNR are as follows:

	Notes	2025	2024
PNR, Beginning		P3,025,606,712	P3,856,982,930
Trust fund contributions	22	36,055,300	97,530,688
Decrease in PNR	22	(249,872,136)	(928,906,906)
		(213,816,836)	(831,376,218)
PNR, Ending	11	P2,811,789,876	P3,025,606,712

In 2025 and 2024, the Company applied the lower of the attainable rates of 6% and interest rates provided by Company's trustee bank. In 2025, the Company used interest rate assumptions determined and provided by the Company's trustee bank of 6.5% for Sun Education (Non-Par), 5.8% for Sun Pension (Non-Par), 6.0% for Sun Education Plus (Par) and 5.6% for Sun Pension Plus (Par). In 2024, the interest rates were set at 6.5% for Sun Education (Non-Par), 6.2% for Sun Pension (Non-Par), 5.6% for Sun Education Plus (Par) and 5.9% for Sun Pension Plus (Par).

Details of PNR per product type are as follows:

	Note	2025	2024
Pension		P2,033,681,678	P 2,044,552,290
Education		778,108,198	981,054,422
	11	P2,811,789,876	P3,025,606,712

The PNR, before availing the staggered recognition of the deficiency, are summarized based on payment status as follows:

	PNR	ARL
2025		
Currently-being-paid education and pension plans	P 378,282,159	P 279,945,285
Lapsed plan within allowable reinstatement period	8,030,885	20,016,211
Fully paid education and pension plans	2,425,476,832	2,233,085,804
	P2,811,789,876	P2,533,047,300
2024		
Currently-being-paid education and pension plans	P 460,736,818	P 337,142,853
Lapsed plan within allowable reinstatement period	5,151,165	11,300,107
Fully paid education and pension plans	2,559,718,729	2,383,093,816
	P3,025,606,712	P2,731,536,776

The PNR for each individual subsidiary account of each type of plans are determined as follows:

a. Currently-Being-Paid Education and Pension Plans

1. Provision for termination values was determined by applying the surrender rate experience of the Company.
2. Liability was set-up for the portion of currently-being-paid plans that will reach full payment, applying the full payment experience of the Company. It is equivalent to the present value of future maturity benefits reduced by the present value of future trust fund contributions required per Product Model discounted using the appropriate discount rate.

Withdrawal rate of currently-being-paid plans is based on the average of 3-year Company withdrawal experience, if available; otherwise, this is based on the recent Company persistency studies or pricing assumptions.

Type of Pre-need Product	PNR	ARL
December 31, 2025		
Education non-par	P -	P -
Education par	-	-
Pension non-par	370,184,371	271,924,343
Pension par	8,097,788	8,020,942
	P378,282,159	P279,945,285
December 31, 2024		
Education non-par	P -	P -
Education par	-	-
Pension non-par	455,446,830	331,879,574
Pension par	5,289,988	5,263,279
	P460,736,818	P337,142,853

b. Lapsed Plan within Allowable Reinstatement Period

The provision for termination values was determined by applying the reinstatement experience of the Company. The Company used reinstatement factor of 60% in 2025 and 2024 Based on the 3-year Company reinstatement experience, the percentage of lapsed plans during previous year which were reinstated within the current year is around 64.9% and 45.5% in 2025 and 2024, respectively.

Type of Pre-need Product	PNR	ARL
December 31, 2025		
Education non-par	P -	P -
Education par	-	-
Pension non-par	7,236,586	17,937,053
Pension par	794,299	2,079,158
	P8,030,885	P20,016,211
December 31, 2024		
Education non-par	P -	P -
Education par	-	-
Pension non-par	3,906,074	8,287,520
Pension par	1,245,091	3,012,587
	P5,151,165	P11,300,107

PNR for lapsed plans are computed as Plan Termination Value multiplied by the reinstatement factor while ARL for lapsed plans is computed as higher of actuarial reserves as of lapsed date multiplied by the reinstatement factor or the plan termination value.

c. Fully Paid Education and Pension Plans

Type of Pre-need Product	PNR	ARL
December 31, 2025		
Education non-par	P 419,376,494	P 406,900,560
Education par	358,731,704	360,786,074
Pension non-par	1,456,824,828	1,276,099,010
Pension par	190,543,806	189,300,160
	P2,425,476,832	P2,233,085,804
December 31, 2024		
Education non-par	P 545,288,661	P 524,948,932
Education par	435,765,761	430,398,295
Pension non-par	1,369,971,303	1,219,818,015
Pension par	208,693,004	207,928,574
	P2,559,718,729	P2,383,093,816

The actual trust fund contributions per books amounting to P36,055,300 and P97,530,688 in 2025 and 2024, respectively, are less than the P48,382,624 and P80,347,600 total contributions per bank, as disclosed in Note 11, due to additional deposits made in 2025 and 2024 to fund the PNR computed on a monthly valuation basis done by the Company.

Reconciliation is as follows:

	Note	2025	2024
Trust Fund Contributions Per Books		P36,055,300	P97,530,688
Trust fund contributions in December 2025, deposited on January 6, 2026		(1,789,834)	-
Trust fund contributions deposited on March 5, 2026		(7,607,009)	-
Trust fund contributions in December 2024, deposited on January 2, 2025		21,724,167	(21,724,167)
Trust fund contributions in December 2023, deposited on January 3, 2024		-	341,079
Additional deposit to pension in February 2024		-	4,200,000
Trust Fund Contributions Per Bank	11	P48,382,624	P80,347,600

17. PLANHOLDERS' DEPOSITS

Planholders' deposits amounting to P33,694,254 and P23,566,035 as at December 31, 2025 and 2024, respectively, represents amounts received from the planholders for excess fractional payments of a regular installment, and payments received with application for the reinstatement of lapsed plans within two (2) years from the date of lapse, pending the approval of the Company.

18. SHARE CAPITAL

The details of the share capital as at December 31, 2025 and 2024 are as follows:

	Ordinary Share Capital	Preferred Share Capital
Authorized:		
3,000,000 ordinary shares at P25 per share	P75,000,000	P -
2,000,000 preference shares at P25 per share	-	50,000,000
Issued, fully paid and outstanding:		
3,000,000 ordinary shares at P25 per share	75,000,000	-
2,000,000 preference shares at P25 per share	-	50,000,000

Ordinary shares carry one vote per share and carry a right to dividends. The holders of preference shares have carry one vote per share. The preferred shares may be redeemed at the option of the Company, subject to the approval of the Board of Directors (BOD) of the Company.

The Company obtained approval from SEC for decrease in authorized share capital on December 3, 2010 from P700,000,000 divided into 5,000,000 ordinary and 2,000,000 preference shares both with par value of P100 each, to P125,000,000 dividend into 3,000,000 ordinary and 2,000,000 preference shares both with P25 par value.

19. CONTRIBUTED SURPLUS

On June 3, 2010, the BOD of SLOCPI approved a capital infusion of P200,000,000 into the Company, by way of contributed surplus. The initial infusion of P25,000,000 out of the said authorized amount of P200,000,000 was contributed into the Company on June 29, 2010. In June 2018, SLOCPI infused the remaining P175,000,000 to meet the minimum paid up capital requirement.

On December 4, 2018, the BOD of SLOCPI approved a capital infusion of P500,000,000 into the Company. Out of the approved infusion of P500,000,000, P200,000,000 was infused to the Company on December 18, 2018. The Company's management was given the authority to determine when the subsequent infusions shall be made as it deems necessary.

On July 13 and October 21, 2022, SLOCPI infused P150,000,000 and P137,000,000 respectively to meet the minimum paid up as required by the Pre-need Code.

20. INVESTMENT REVALUATION RESERVES

The movements of net unrealized gain on fair value measurement are as follows:

	Notes	2025	2024
Balance, beginning		P117,971,793	P167,824,373
Net gains (losses) on fair value measurement			
Financial assets at FVTOCI	10	1,658,960	(1,581,840)
Investments in trust funds	11	(7,192,217)	(48,270,740)
		(5,533,257)	(49,852,580)
Balance, ending		P112,438,536	P117,971,793

The summary of investment revaluation reserves is as follows:

	Note	2025	2024
Financial assets at FVTOCI		(P15,623,672)	(P17,282,628)
Investment in trust funds	11	128,062,208	135,254,421
		P112,438,536	P117,971,793

21. PREMIUM REVENUE

Premium revenue amounting to P36,904,246 and P59,774,550 (as restated – see Note 28) in 2025 and 2024, respectively, pertains to amount collected during the year from the remaining contracts of planholders.

Amount of premium installments collectible from the planholders are not recognized as receivables in accordance with Pre-need Rule 31, As Amended: Accounting Standards for Pre-need Plans and PNUCA adopted by the Company on January 1, 2007.

22. COST OF CONTRACT ISSUED

The account comprises of:

	Note	2025	2024
Trust fund contributions	16	P 36,055,300	P 97,530,688
Decrease in PNR	16	(249,872,136)	(928,906,906)
		(213,816,836)	(831,376,218)
Documentary stamp taxes and SEC registration fees		75,824	252,909
		(P213,741,012)	(P831,123,309)

23. DIRECT COSTS AND EXPENSES

The Company's direct costs and expenses consist of:

	2025	2024
Planholders' benefits	P447,881,730	P1,048,344,540
Agents' bonuses	43,430	444,682
Marketing and sales	715	-
Basic commissions	-	(1,584,935)
	P447,925,875	P1,047,204,287

Planholders' benefits pertain to benefits of planholders and their beneficiaries, paid and accrued upon plan maturity. The total number of plans that matured in 2025 and 2024 was 1,094 and 2,142 respectively.

24. GENERAL AND ADMINISTRATIVE EXPENSES

Details of general and administrative expenses are as follows:

	Notes	2025	2024
Expense chargeback	15	P14,451,564	P15,057,074
Provision for non-recoverable prepaid taxes	9	1,673,757	1,200,010
Taxes and licenses		2,239,447	669,361
Professional fees		1,413,778	123,047
Bank charges		177,112	198,413
Others		12,514,433	-
		P32,470,091	P17,247,905

The Company outsources its various administrative functions to SLOCPI, mainly, to focus on core competencies, to drive excellence and execution and to achieve cost savings for the fulfillment of the Company's obligations on outstanding pre-need contracts.

Others relate to tax expenses and other provisions. The provisions relate to disputes which are not disclosed in detail so as not to prejudice the Company's position.

25. INVESTMENT INCOME

The Company's investment income consists of:

	Notes	2025	2024
Interest from:			
Financial assets at FVTOCI	10	P12,355,960	P12,483,200
Cash in banks and cash equivalents	7	1,680,176	1,646,495
Fair value gain on financial assets at FVTPL	10	639,622	525,246
		P14,675,758	P14,654,941

26. OTHER INCOME

The Company's other income consists of:

	2025	2024
Handling fees	P440,133	P1,824,833
Interest on lapsed plan	40,420	76,051
	P480,553	P1,900,884

Handling fees pertain to the handling charges associated with installment payments other than annual basis or spot-cash sales.

27. INCOME TAXES

The provision for income tax of P3,312,925 and P3,301,639 represents the final tax on interest income in 2025 and 2024, respectively.

A reconciliation between income tax expense and the product of accounting income (loss) in 2025 and 2024 multiplied by 25% as follows:

	2025	2024
Accounting income (loss) before tax	(P54,690,909)	P19,508,884
Tax expense (benefit) at 25%	(P13,672,727)	P 4,877,221
Adjustment for income subject to lower income tax rate	(515,920)	(827,485)
Tax effects of:		
Non-taxable trust fund income – net	(39,975,872)	(44,126,848)
Unrecognized NOLCO	54,101,443	42,633,373
Non-deductible expenses	3,216,096	876,689
Non-deductible loss (non-taxable gain) from change in fair value of FVTPL financial assets	159,905	(131,311)
Provision for income tax	P 3,312,925	P 3,301,639

Details of the Company's NOLCO from 2022 to 2025:

Year of Incurrence	Year of Expiry	2024 Balance	Additions	Expired	2025 Balance
2022	2025	P180,360,720	P -	P180,360,720	P -
2023	2026	415,591,091	-	-	415,591,091
2024	2027	170,533,493	-	-	170,533,493
2025	2028	216,405,772	-	-	216,405,772
		P982,891,076	P -	P180,360,720	P802,530,356

Details of the Company's NOLCO from 2020 and 2021 covered by Revenue Regulations (RR) No. 25-2020 are as follows:

Year of Incurrence	Year of Expiry	2024 Balance	Additions	Expired	2025 Balance
2020	2025	P387,393,830	P -	P387,393,830	P -
2021	2026	184,213,497	-	-	184,213,497
		P571,607,327	P -	P387,393,830	P184,213,497

Pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

The Company did not recognize the deferred tax asset on NOLCO amounting to P246,685,963 and P334,523,158 as at December 31, 2025 and 2024, respectively, because Management believes it is more likely that the Company will not be able to realize the tax benefit arising from NOLCO.

In addition, the Company does not have a deferred tax liability as at December 31, 2025 and 2024.

28. RESTATEMENTS OF COMPARATIVE INFORMATION

In 2025, the Company has restated the comparative financial statements to reflect the adjustments made arising from:

(a) Premium Revenue

Premium revenue in 2024 was restated by P50,271,828 to correct the amount of premiums that should have been recognized in prior years, when the crediting of planholders' premium deposits to premium revenue should have been recorded. The restatement has the following impact on the comparative financial statement:

Statement of Comprehensive Income

Account	2024 (As Previously Stated)	Effect of Restatement	2024 (As Restated)
Premium Revenue	P110,046,378	(P50,271,828)	P59,774,550

Statement of Changes in Equity

	2024 (As Previously Stated)	Effect of Restatement	2024 (As Restated)
Net Loss for the year	(P110,028,319)	(P50,271,828)	(P160,300,147)

(b) Additional Paid-in Capital

On December 3, 2010, the SEC approved the Company's application for a capital restructuring to reduce capital stock from P500,000,000 to P125,000,000 and to offset the additional paid-in capital (APIC) of P375,000,000 created from the restructuring against the deficit. However, the approved reduction was inadvertently left in APIC instead of being offset in the deficit account; and the error remained unrectified until 2025. The APIC was restated by P375,000,000 to offset against the deficit. The restatement has the following impact on the comparative financial statement:

Statement of Financial Position

Account	2024 (As Previously Stated)	Effect of Restatement	2024 (As Restated)
Additional Paid-In Capital	P 375,000,000	(P375,000,000)	P -
Deficit	(8,267,236,213)	375,000,000	(7,892,236,213)

The restatements had no impact on the Company's statement of cash flows for the year ended December 31, 2024, and other regulatory compliance information.

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 and 2 based on the degree to which the fair value is observable.

	2025	2024	Fair value hierarchy
Financial assets at:			
General Fund			
Fair value through profit or loss	P 17,425,404	P 16,785,782	Level 2
Fair value through other comprehensive income	212,244,580	213,099,660	Level 1
Trust Fund			
Fair value through profit or loss	185,271,114	181,572,542	Level 1
Fair value through other comprehensive income	2,516,580,957	2,723,918,727	Level 1
	P2,931,522,055	P3,135,376,711	

General Funds composed of investment in mutual funds at fair value through profit or loss are revalued at market price based on Net Asset Value per Share (NAVPS) provided by Sun Life Asset Management Company, Inc. (SLAMCI) monthly and investment in fixed income securities at fair value through other comprehensive income are revalued at quoted prices of either done deals or bid rates.

Trust Funds composed of equity investment at fair value through profit or loss are valued at quoted prices as at reporting date and investment in fixed income securities at fair value through other comprehensive income are revalued at quoted prices of either done deals or bid rates.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the current or prior year.

Assets and Liabilities not Measured at Fair Value

The following financial assets and financial liabilities are not measured at fair value on recurring basis:

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
General Fund				
Cash and cash equivalents	P105,643,326	P105,643,326	P 83,601,526	P 83,601,526
Receivables	3,332,170	3,332,170	4,046,511	4,046,511
Receivable from parent company	-	-	11,372	11,372
	108,975,496	108,975,496	87,659,409	87,659,409
Trust Funds				
Cash and cash equivalents	P210,100	P210,100	46,335,291	46,335,291
Financial assets at amortized cost	179,628,505	179,628,505	203,360,784	203,360,784
Interest receivable	44,194,144	44,194,144	47,678,052	47,678,052
Other assets	-	-	67,153	67,153
	224,032,749	224,032,749	297,441,280	297,441,280
	P333,008,245	P333,008,245	P385,100,689	P385,100,689
Financial Liabilities				
General Fund				
Accrued expenses and other liabilities	P 34,166,627	P 34,166,627	P 24,799,116	P 24,799,116
Benefits payable	261,610,626	261,610,626	259,574,337	259,574,337
Counselors' bond reserve	864,251	864,251	864,251	864,251
Payable to parent company	-	-	-	-
Planholders' deposit	33,694,254	33,694,254	23,566,035	23,566,035
	330,335,758	330,335,758	308,803,739	308,803,739
Trust Funds				
Accrued expenses and other liabilities	1,900,871	1,900,871	2,482,346	2,482,346
	P332,236,629	P332,236,629	P311,286,085	P311,286,085

The difference between the carrying amount of the accrued expenses and other liabilities disclosed in the statements of financial position and the amount disclosed in this note pertains to payables to government that are not considered as financial liabilities.

The carrying amounts of the financial assets and financial liabilities approximate their respective fair values.

Cash and cash equivalents are categorized under Level 1, while all other financial instruments above are categorized under Level 3 of the fair value hierarchy.

30. RISK MANAGEMENT

The Company's overall risk management framework establishes policies, operating guidelines, risk tolerance limits and practices for risk management patterned after the Company's parent organization. It provides oversight to the risk management activities within the Company's business segments, ensuring that discipline and consistency are applied to the practice of risk management.

The Company's activities expose it to a variety of financial risks (such as market risk, interest rate risk, credit risk and liquidity risk) and operational risks (such as product design and pricing risk and legal, regulatory and market conduct risk management).

Risk Framework

The risk management program is designed to:

- avoid risks that could materially affect the value of the Company;
- contribute to sustainable earnings;
- take risks that the Company can manage in order to increase returns; and
- provide transparency of the Company's risks through internal and external reporting.

The Company is in the business of accepting risks for appropriate return and takes on those risks that meet its objectives. The program design aligns risk management with the Company's vision and strategy and embeds it within its business management practices of the business groups.

In pursuing its business objectives, Management is responsible for ensuring that all significant risks are appropriately identified, assessed, managed, reported and monitored. The Company has adopted risk management policies to provide a consistent approach to measurement, mitigation and control, and monitoring of risk exposures.

Accountability provides clear lines of responsibility and authority for risk acceptance and risk taking. In order for risk management to be effective, all must understand their roles and responsibilities.

The BOD is ultimately responsible for ensuring that risk management policies and practices are in place. The BOD has oversight role with respect to ensuring the identification of major areas of risk and development of strategies to manage those risks, and to review compliance with risk management policies implemented by the Company and with legal and regulatory matters.

Key Risk Management Process

The Company has established a formal risk identification program whereby key risks that may impact its business are identified. Exposure to these risks is assessed on a qualitative and quantitative bases. Risk control programs and action plans are established for mitigating the exposure.

The Company has adopted risk management policies to provide a consistent approach to measurement, mitigation and control, and monitoring of risk exposures.

Risk Measurement

The Company has established market risk tolerance limits that set out the maximum target income sensitivity of the Company to change in interest rates and the equity markets.

Risk Categories

The risks facing the Company can generally be classified into the following categories:

Market risk

Market risk arises when there is uncertainty in the valuation of assets and the cost of embedded options and guarantee from changes in equity markets and/or interest rates.

The Company's insurance liabilities are segmented according to major product type, with investment guidelines established for each segment. Exposure to capital market is monitored and managed against established risk tolerance limits. Effects of large and sustained adverse market movement in securities are monitored through Financial Condition testing and other stress-testing techniques.

a. Interest rate risk

This is the risk of asset-liability mismatch resulting from the interest rate volatility.

To the extent possible, the Company established matching plan for each portfolio of assets and associated liabilities to keep potential losses within acceptable limits.

The Asset Liability Committee measures and monitors interest rate risk using duration analysis.

The sensitivity analyses below were determined based on the Company's investment in fixed income securities classified as financial assets at FVTOCI as of reporting date.

A 100 basis points increase in the yield rate will result to a decrease in equity of P93,000,000 in 2025 and P113,000,000 in 2024. A 100 basis points decrease in the yield rate will result to an increase in equity of P99,000,000 in 2025 and P121,000,000 in 2024. The sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

b. Equity price risk

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic purposes. Equity exposure is managed through the limits set by the Pre-Need Code, as well as the allowable equity allocations as stated in the investment management agreement (and subsequent amendments) with the trustee bank. Equity exposure is monitored periodically and reported to the Asset Liability Committee on a quarterly basis.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices have been 10% higher or lower, equity reserves would have increased or decreased by P13,000,000 in 2025 and P15,000,000 in 2024, as a result of the changes in fair value of equity investment. The sensitivity analysis is unrepresentative of the inherent equity price risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

c. Credit risk

The Company has exposure to credit risk from its investments in Philippine government securities offered by the BSP. The Company maintains cash deposits in commercial and universal banks with good credit standing to minimize exposure to credit risk. The table below summarizes the Company's financial assets as at December 31, 2025 and 2024 with a maximum exposure equal to carrying amounts of the financial assets.

	Notes	2025	2024
General Fund			
Cash in banks and cash equivalents	7	P 105,643,327	P 83,601,526
Financial asset at FVTOCI	10	212,244,580	213,099,660
Financial asset at FVTPL	10	17,425,404	16,785,782
Receivables	8	3,332,170	4,046,511
Receivable from parent company	15	-	11,372
		338,645,481	317,544,851
Trust Funds			
Cash in bank and cash equivalents		210,100	46,335,291
Financial asset at amortized cost		179,628,505	203,360,784
Financial assets at FVTOCI		2,516,580,957	2,723,918,727
Financial assets at FVTPL		185,271,114	181,572,542
Interest receivable		44,194,144	47,678,052
Other assets		-	67,153
	11	2,925,884,820	3,202,932,549
		P3,264,530,301	P3,520,477,400

The following table details the credit quality of those financial assets that are neither past due nor impaired:

	Carrying Amount	Internal Credit Rating	12m or Lifetime ECL
December 31, 2025			
General Fund			
Cash in banks and cash equivalents	P 105,643,327	High	12m ECL
Financial assets at FVTOCI	212,244,580	High	12m ECL
Financial assets at FVTPL	17,425,404	N/A	N/A
Receivables	3,332,170	High	12m ECL
	338,645,481		
Trust Funds			
Cash and cash equivalents	210,100	High	12m ECL
Financial assets at amortized cost	179,628,505	High	12m ECL
Financial assets at FVTOCI	2,516,580,957	High	12m ECL
Financial assets at FVTPL	185,271,114	N/A	N/A
Interest receivable	44,194,144	High	12m ECL
Other assets	-	High	12m ECL
	2,925,884,820		
	P3,264,530,301		
December 31, 2024			
General Fund			
Cash in banks and cash equivalents	P 83,601,526	High	12m ECL
Financial asset at FVTOCI	213,099,660	High	12m ECL
Financial assets at FVTPL	16,785,782	N/A	N/A
Receivables	4,046,511	High	12m ECL
Receivable from parent company	11,372	High	12m ECL
	317,544,851		
Trust Funds			
Cash and cash equivalents	46,335,291	High	12m ECL
Financial assets at amortized cost	203,360,784	High	12m ECL
Financial assets at FVTOCI	2,723,918,727	High	12m ECL
Financial assets at FVTPL	181,572,542	N/A	N/A
Interest receivable	47,678,052	High	12m ECL
Other assets	67,153	High	12m ECL
	3,202,932,549		
	P3,520,477,400		

In 2025 and 2024, the Company uses internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below:

High Grade - applies to highly rated financial obligors, strong corporate counterparties and personal borrowers with whom the Company has excellent repayment experience.

Satisfactory Grade - applies to financial assets that are performing as expected, including recently established businesses.

Acceptable Grade - applies to counterparties with risk profiles that are subject to closer monitoring and scrutiny with the objective of managing risk and moving accounts to improved rating category.

Low Grade - applies to risks that are neither past due nor expected to result in loss but where the Company requires a workout of the relationship unless an early reduction in risk is achievable.

The credit qualities of financial assets were determined as follows:

Cash and cash equivalents, receivables, and interest receivables are held with reputable banks with minimal credit risk. The credit risk of these financial instruments is considered negligible since the counterparties are reputable entities with strong financial capacity and business performance.

Financial assets at FVTOCI and Financial assets at amortized cost are considered to have low credit risk as the counterparties to these investments have a BBB+ S&P credit rating and AAA PSR credit rating, respectively. The instruments are determined to have low credit risk because there is a low risk of default, the issuer has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the issuer to fulfil its contractual cash flow obligations.

Accordingly, the Company has applied the practical expedient under PFRS 9 to measure the loss allowance at an amount equal to 12-month ECL and has determined the amount to be immaterial. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate the counterparties.

d. Liquidity risk

Liquidity risk refers to 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 objective in managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's current liabilities exceeded its current assets by P189,132,452. SLOCPI committed to infuse to fund any future working capital requirements of the company, which resolves the immediate liquidity concerns existing as at the financial reporting date, as disclosed in Note 1. The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Notes	Within One Year	Beyond One Year	Total
December 31, 2025				
General Fund				
Accrued expenses and other liabilities	13	P 34,166,627	P -	P 34,166,627
Benefits payable	12	261,610,626	-	261,610,626
Counselors' bond reserve	14	864,251	-	864,251
Payable to parent company	15	1,376,003	-	1,376,003
Planholders' deposits	17	-	33,694,254	33,694,254
		298,017,507	33,694,254	331,711,761
Trust Fund				
Accrued expenses and other liabilities	11	1,900,871	-	1,900,871
		P299,918,378	P33,694,254	P333,612,632
December 31, 2024				
General Fund				
Accrued expenses and other liabilities	13	P 24,799,116	P -	P 24,799,116
Benefits payable	12	259,574,337	-	259,574,337
Counselors' bond reserve	14	864,251	-	864,251
Payable to parent company	15	-	-	-
Planholders' deposits	17	-	23,566,035	23,566,035
		285,237,704	23,566,035	308,803,739
Trust Fund				
Accrued expenses and other liabilities	11	2,482,346	-	2,482,346
		P287,720,050	P23,566,035	P311,286,085

Financial liabilities presented above exclude amounts payable to government agencies for taxes payable amounting to P204,075 and P1,010,161 in 2025 and 2024 respectively, as shown in Note 13.

The summary of the future cash flows representing principal and interest of financial assets under trust funds are as follows:

Product Type	Less than One Month	One to Three Months	Four Months to One Year	Two to Five Years	Above Five Years	Total
December 31, 2025						
Banco De Oro Educ Non Par	P 96,101,148	P 13,290,407	P 32,636,423	P 175,837,307	P 218,313,731	P 536,179,016
Banco De Oro-Pension Non Par	322,010,656	8,097,417	53,779,677	804,198,916	581,955,943	1,770,042,609
Banco De Oro Educ Par	15,713,381	4,340,523	23,752,675	183,373,402	284,699,618	511,879,600
Banco De Oro-Pension Par	37,998,222	7,849,447	53,212,567	243,213,938	363,309,628	705,583,801
	P471,823,406	P33,577,794	P163,381,342	P1,406,623,563	P1,448,278,920	P3,523,685,026
December 31, 2024						
Banco De Oro Educ Non Par	P -	P -	P 59,852,994	P 258,860,501	P 360,198,620	P 678,912,115
Banco De Oro-Pension Non Par	-	-	-	1,128,294,489	870,666,844	1,998,961,333
Banco De Oro Educ Par	-	-	12,919,346	90,756,206	525,223,684	628,899,236
Banco De Oro-Pension Par	-	-	39,474,317	197,380,362	487,990,294	724,844,973
	P -	P -	P112,246,657	P1,675,291,558	P2,244,079,442	P4,031,617,657

The factors affecting the Company's insurance and underwriting risks are described as follows:

a. Legal, regulatory and market conduct risk management

This refers to the risk associated with failure to comply with laws or to conduct business consistent with changing regulatory or public expectations.

The Company promotes strong compliance culture by setting the appropriate tone at the top, with respect to compliance with laws and regulations, and establishes compliance policies and framework. Compliance and legal obligations are monitored and reported to the BOD.

b. Operational risk

This refers to the uncertainty arising from internal events caused by failures of people, process and technology as well as external events. This is the risk of loss resulting from inadequate or failed internal processes, controls, people and systems. Categories of operational risks may fall under: sales and distribution, human resources, information technology, processes and people, accounting and finance, model risk, legal and regulatory and third-party relationships.

The Company ensures that internal controls and practices are consistent with enterprise-wide policies supporting the management of operational risks.

The Company has established business specific guidelines. Comprehensive insurance program, including appropriate levels of self-insurance, is maintained to provide protection against potential losses. Environmental risk management program is maintained to help protect investment assets, primarily, whenever applicable, real estate, mortgage, and structured finance portfolios, from losses due to environment issues and to help ensure compliance with applicable laws.

Any insurance contract has the risk of possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and, therefore, unpredictable. Factors that heighten insurance risk include lack of risk diversification in terms of type and amount of risk, geographic location and type of industry covered.

This risk is managed by the Company through the trust fund which is administered by a local bank. This trust fund is at least equal or higher than the estimated liabilities. Also, the Company monitors the profile of its planholders to ensure diversity with respect to age, lifestyle, and other insurance risk factors.

Regulatory Compliance Management

The Compliance Risk Management Framework of Sun Life sets out the framework for the management and mitigation of Compliance Risk that enables the Company to achieve key objectives and make better business decisions, while meeting regulatory and client expectations. Compliance Risk arises from potential non-conformance with laws, rules, regulations, prescribed practices or ethical standards on anti-money laundering and anti-terrorist financing, market conduct, privacy, prevention of bribery and corruption, and related party transactions.

In line with this framework, the Company adopted various Operating Guidelines ("Guidelines"), with the objective of establishing a strong, sustainable compliance risk management program that conforms to regulatory and industry standards, and provides reasonable assurance that the following outcomes are achieved:

- a) Identification of applicable regulatory requirements;
- b) Assessment of inherent compliance risks of applicable regulatory requirements;
- c) Development of key controls designed to comply with the applicable regulatory requirements and to manage and mitigate compliance risks;
- d) Assessment of the design and operating effectiveness of controls to determine residual risk;
- e) Testing and monitoring of the ongoing operation of the controls and identification of gaps and other issues; and
- f) Reporting to management on the overall effectiveness of the regulatory compliance management program and the state of compliance of the business.

The Board provides the highest level of independent oversight of the management and operations of the Company. The Board is also responsible for approving regulatory compliance Guidelines and ensuring that the same are reviewed and assessed on its effectiveness.

Management is the first line of defense and is responsible for day-to-day compliance with the Guidelines. It is accountable for identifying and assessing Compliance Risks, specifically incorporating consideration of Compliance Risks in business activities and decisions and managing compliance risks in day-to-day activities.

The Company's Compliance team are the second line of defense. The Chief Compliance Officer has oversight responsibility for the Guidelines and the Code of Business Conduct. The Chief Compliance Officer promotes a tone from the top and an atmosphere that fosters high ethical standards and conduct, and an appropriate risk culture.

Sensitivity of PNR and ARL

The key assumptions to which the estimation of the PNR and ARL are as follows:

Interest rates

Estimates are made as to future investment income arising from the assets that back up pre-need contracts. These estimates are based on current market returns, expectations about future economic and financial development and the Company's investment strategies.

If investment returns are projected to increase, the valuation interest rates, specifically the attainable rates used in PNR computation, and the best estimate interest rate used for the ARL computation can also be increased. Increasing the valuation interest rates will result in a lower PNR and ARL.

If investment returns are projected to decrease, lower valuation interest rates should be set-up. Decreasing the valuation interest rates will result in an increase in the PNR and ARL.

Lapsed and surrender rates

Lapses relate to the termination of pre-need plans due to non-payment of installments. Surrenders relate to voluntary termination of plans by the planholders. Plan termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, plan duration and sales trends.

An increase in lapse and surrender rates generally results in lower PNR and ARL, while a decrease in lapse and surrender rates generally results in higher PNR and ARL.

A liability sensitivity analysis was performed on the two most significant valuation assumptions, which is lapse and surrender rates and interest rates. A 20% decrease in lapse and surrender rates, and 100 basis points drop in the interest rate would require an additional provision of P194 million and P151 million for PNR and ARL, respectively, in 2025 and P209 million and P162 million for PNR and ARL, respectively, in 2024.

31. CAPITAL RISK MANAGEMENT

This policy is intended to safeguard capital for the benefit of all the stakeholders including the shareholders, debt holders and the planholders. The interest of the shareholders is to maximize returns after fixed obligations due to the debt holders. The interests of participating and other planholders are also protected under the demutualization agreements and the appropriate regulatory requirements.

The BOD establishes the written policies, standards and procedures necessary to effectively implement policies.

The level of capital adequacy risk accepted by the Company should be prudent as determined by management. Capital adequacy risk is mitigated through appropriate Risk Management policies and processes.

The required minimum unimpaired capital of the Insurance Commission for pre-need companies with Servicing Licenses and/or those that are not selling any type of plans is P50,000,000. However, there is also a requirement to maintain an unimpaired capital to the extent of the subscribed share capital. Thus, SLFPI shall maintain its unimpaired capital at P125,000,000.

Capital structure

The equity account of the Company consists of equity attributable to equity holders of the parent comprising of share capital, additional paid-in capital, contributed surplus, investment revaluation reserves, deficit and accumulated trust fund income.

Maximizing returns on capital requires maintenance of an optimal capital structure. The Company seeks to maintain the optimal mixture of available financial instruments within its capital structure.

The overall quality of the capital base is a function of the characteristics and amounts of the individual types of capital within the overall capital structure. In general, the quality of individual capital items is measured by the capital's permanency, degree of

subordination, ability to absorb losses and fixed charge obligations.

The Company is committed to maintaining a sufficiently high quality capital structure to:

- a. Maintain the target level of financial strength;
- b. Achieve the target financial ratings; and
- c. Achieve the target capital adequacy requirements.

The Company's net equity of P119,037,351 and P182,574,442 as at December 31, 2025 and 2024, respectively, and the Company's share capital of P125,000,000 as at December 31, 2025 and 2024 are higher than the minimum capital requirement of P50,000,000. As disclosed in Note 18, the Company obtained SEC approval on December 3, 2010 to reduce the Company's share capital from P700,000,000 to P125,000,000.

Internal capital monitoring is being performed regularly by the Company. The Company's senior management reviews and monitors its capital, as well as its adherence to local regulatory capital requirements during its quarterly Asia Capital Meeting and presented to the Company's BOD semi-annually. The Company maintains at least the minimum capital required by the applicable local regulators.

The equity ratio in 2025 and 2024 are as follows:

	2025	2024
Equity	P 119,037,351	P 182,574,442
Total assets	3,262,743,063	3,517,995,054
Equity ratio	0.04:1	0.05:1

Management believes that the above ratios are within the acceptable range.

32. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR) UNDER REVENUE REGULATIONS NO. 15-2010

The following supplementary information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Output VAT

Details of the Company's output VAT declared in 2025 is as follows:

	Vatable	Total
Revenue	P9,194,787	P9,194,787
Output VAT	1,103,374	1,103,374

Input VAT

Details of the Company's input VAT claimed in 2025 are as follows:

Balance, January 1	P 441,721
Add: Current year's domestic purchases/payments for Services lodged under cost of services	1,826,463
	1,103,374
Balance, December 31	P1,164,810

Other taxes and licenses

Details of the Company's other taxes and licenses and permit fees paid or accrued in 2025 are as follows:

Charged to General and Administrative Expenses	
Registration and filing fees	P1,171,180
Permits and licenses	1,057,767
Residence or community tax	10,500
	P2,239,447

Withholding taxes

Details of the Company's withholding taxes paid or accrued during 2025 are as follows:

Expanded withholding taxes	P1,384,090
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Documentary stamp tax

Details of the Company's payment of documentary stamp taxes per plan type in 2025 are as follows:

Pension non-par	P74,092
Pension par	1,571
Educational non-par	161
	P75,824

Deficiency tax assessments and tax cases

The Company has received a Letter of Authority (LOA) for the taxable year 2022. These assessments are currently ongoing, and no final decision has been reached as of December 31, 2025.

The tax assessment for the taxable year 2021 was closed on October 3, 2025.

As of December 31, 2025, the Company has no other outstanding tax assessments in any court or body outside of the BIR.

33. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements of the Company were approved and authorized for issue by the Board of Directors on March 24, 2026.