

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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

S	T	.		P	E	T	E	R		C	O	R	P	O	R	A	T	E		C	E	N	T	E	R			
9	9	9		E	D	S	A		B	R	G	Y		V	E	T	E	R	A	N	S							
V	I	L	L	A	G	E			Q	U	E	Z	O	N		C	I	T	Y									

Form Type:

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

lifeplanchapels@stpeter.com.ph

Company's Telephone Number/s

8-3717757

Mobile Number

N/A

No. of Stockholders

20

Annual Meeting
Month/Day

1st Friday of February

Fiscal Year
Month/Day

December 31, 2025

CONTACT PERSON INFORMATION

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

Name of Contact Person

Jonathan B. Vitangcol

Email Address

tanbv@stpeter.com.ph

Telephone Number/s

8-3717757

Mobile Number

09178001010

Contact Person's Address

Unit 8 Aspen St. Ayala Ferndale Homes, Pasong Tamo, Quezon 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.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
ST. PETER LIFE PLAN, INC.
St. Peter Corporate Center, 999 EDSA Quezon City 1101 Philippines

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ST. PETER LIFE PLAN, INC.** (the "Company"), which comprise the Statements of Financial Position as of December 31, 2025 and 2024, and the Statements of Income, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the years then ended, and Notes to Financial Statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **ST. PETER LIFE PLAN, INC.**, as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRS Accounting Standards and accounting principles generally accepted in the Philippines for pre-need companies as described in Note 2 and 3 to the financial statements, and such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 as disclosed in Note 34 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.

ACYATAN & CO., CPAs


ARMINDA T. ACYATAN-GUERRERO

Managing Partner

CPA Certificate No. 085531

Tax Identification No. 139-584-275

BOA/PRC Accreditation No. 0141 effective until April 30, 2026

IC Group A Accreditation

Partner No. IC-EA-2025-0038-R, effective until Financial Period 2027

SEC Group C Accreditation

Partner No. 85531-SEC, effective until Financial Period 2025

Firm No. 0141-SEC, effective until Financial Period 2025

BIR Accreditation No. 07-100682-002-2023

Issued on September 21, 2023, effective until September 20, 2026

PTR No. 5925466; Issued on 01-05-2026 at Mandaluyong City

April 08, 2026

Mandaluyong City-Philippines



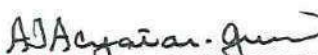
INDEPENDENT AUDITORS' REPORT
(In compliance with SRC Rule 68)

The Board of Directors and Stockholders
ST. PETER LIFE PLAN, INC.
St. Peter Corporate Center, 999 EDSA Quezon City 1101 Philippines

We have audited the accompanying financial statements of **ST. PETER LIFE PLAN, INC.** (the "Company") for the calendar year ended December 31, 2025, on which we have rendered the attached report dated April 08, 2026.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has nine (9) stockholders owning one hundred (100) or more shares each of the Company's capital stock as of December 31, 2025, as disclosed in Note 19 to the financial statements.

ACYATAN & CO., CPAs


ARMINDA T. ACYATAN-GUERRERO
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PTR No. 5925466; Issued on 01-05-2026 at Mandaluyong City

April 08, 2026
Mandaluyong City-Philippines



ST. PETER LIFE PLAN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

<i>(In Philippine Peso)</i>	<i>Notes</i>	2025	2024
ASSETS			
Cash and Cash Equivalents	6	1,498,769,749	1,694,156,442
Financial Assets	4,5,7	4,667,551,385	5,144,931,231
Investments in Trust Funds	4,5,8	124,631,036,586	109,860,190,377
Other Reserves Fund	4,5,9	2,969,426,597	2,709,687,142
Prepayments and Office Supplies	10	42,569,768	16,367,317
Investments in Subsidiaries	11	4,456,762,000	3,286,915,000
Property and Equipment, Net	12	674,779,867	697,151,578
Investment Properties	13	80,325,000	80,325,000
Right-of-Use Assets	30	104,574,751	132,114,201
Net Pension Asset	29	171,680,810	208,233,893
Other Assets	14	9,196,102	9,613,055
TOTAL ASSETS		139,306,672,615	123,839,685,236
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued Expenses and Other Liabilities	15	921,788,829	757,619,110
Income Tax Payable		163,806,705	148,112,088
Pre-Need Reserves	3,16	107,942,482,717	99,187,919,668
Other Reserves	3,17	2,229,882,496	2,140,948,351
Lease Liabilities	30	104,061,557	133,006,938
Deferred Tax Liabilities, Net	27	104,421,216	127,095,960
Other Liabilities	18	299,097,816	331,228,862
TOTAL LIABILITIES		111,765,541,336	102,825,930,977
EQUITY			
Capital Stock	19	1,360,000,000	1,360,000,000
Retained Earnings	19	26,188,058,164	19,545,857,923
Revaluation Reserve from Financial Assets - Trust Fund	8	14,299,440	21,505,969
Revaluation Reserve from Financial Assets	7,9	(1,502,161)	18,855,116
Revaluation Reserve from Property and Equipment	12	189,401,786	189,401,786
Remeasurement Reserve from Defined Benefit Plan	29	(209,125,950)	(121,866,535)
TOTAL EQUITY		27,541,131,279	21,013,754,259
TOTAL LIABILITIES AND EQUITY		139,306,672,615	123,839,685,236

(See Accompanying Notes to Financial Statements)

ST. PETER LIFE PLAN, INC.
STATEMENTS OF INCOME
For the Years Ended December 31, 2025 and 2024

<i>(In Philippine Peso)</i>	<i>Notes</i>	2025	2024
INCOME			
Premium Revenue	20	22,797,132,686	21,561,472,485
Trust Fund Income	21	6,418,582,605	6,243,399,049
Investments Income	22	477,881,930	438,570,138
Other Income	23	1,295,581,553	1,193,212,576
Total Income		30,989,178,774	29,436,654,248
COSTS AND EXPENSES			
Cost of Contracts Issued			
Increase / (Decrease) in Pre-Need Reserve			
Including Trust Fund Contributions	16	12,136,567,330	13,885,247,195
Increase / (Decrease) in Other Reserves	17	88,934,145	212,541,474
Registration Fees and Documentary Stamp Tax	34	101,492,406	48,133,088
Other Direct Costs and Expenses	25	8,777,690,270	7,962,342,280
General and Administrative Expenses	26	1,444,090,053	1,334,078,312
Total Costs and Expenses		22,548,774,204	23,442,342,349
INCOME BEFORE INCOME TAX		8,440,404,570	5,994,311,899
INCOME TAX EXPENSE	27	(438,204,329)	(454,527,731)
NET INCOME		8,002,200,241	5,539,784,168

(See Accompanying Notes to Financial Statements)

ST. PETER LIFE PLAN, INC.
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2025 and 2024

<i>(In Philippine Peso)</i>	<i>Notes</i>	2025	2024
NET INCOME		8,002,200,241	5,539,784,168
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified into profit or loss:			
Remeasurement Loss on Defined Benefit Obligation	29	(116,345,886)	(196,412,965)
Revaluation Increment of Property and Equipment	12	-	116,000,000
Total		(116,345,886)	(80,412,965)
Deferred Income Tax Benefit		29,086,472	20,103,241
		(87,259,415)	(60,309,724)
Items that may be reclassified subsequently into profit or loss:			
Changes in Fair Value of FVOCI - Financial Assets	7, 9	(20,357,277)	26,136,787
Changes in Fair Value of FVOCI - Trust Funds	8	(7,206,529)	118,130,878
		(27,563,806)	144,267,665
TOTAL COMPREHENSIVE INCOME		7,887,377,021	5,623,742,109
<i>(See Accompanying Notes to Financial Statements)</i>			

ST. PETER LIFE PLAN, INC
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2025 and 2024

			Revaluation				
			Reserves from	Revaluation	Revaluation	Remeasurement	
		Retained	Financial	Reserves from	Reserves from	Reserve from	
	Capital Stock	Earnings	Assets - Trust	Financial	Property and	Defined Benefit	Total
	(Note 19)	(Note 19)	Fund	Assets	Equipment	Plan	
			(Note 8)	(Note 7&9)	(Note 12)	(Note 29)	
Balance at December 31, 2023	1,360,000,000	14,822,073,755	(96,624,909)	(7,281,671)	102,401,786	25,443,189	16,206,012,150
Declared Dividends	-	(816,000,000)	-	-	-	-	(816,000,000)
Increase in Unrealized Gains	-	-	118,130,878	26,136,787	87,000,000	-	231,267,665
Remeasurement Loss on Defined Benefit Plan	-	-	-	-	-	(147,309,724)	(147,309,724)
Net Income	-	5,539,784,168	-	-	-	-	5,539,784,168
Balance at December 31, 2024	1,360,000,000	19,545,857,923	21,505,969	18,855,116	189,401,786	(121,866,535)	21,013,754,259
Declared Dividends	-	(1,360,000,000)	-	-	-	-	(1,360,000,000)
Increase in Unrealized Gains	-	-	(7,206,529)	(20,357,277)	-	-	(27,563,806)
Remeasurement Gain on Defined Benefit Plan	-	-	-	-	-	(87,259,415)	(87,259,415)
Net Income	-	8,002,200,241	-	-	-	-	8,002,200,241
Balance at December 31, 2025	1,360,000,000	26,188,058,164	14,299,440	(1,502,161)	189,401,786	(209,125,950)	27,541,131,279

(See Accompanying Notes to Financial Statements)

ST. PETER LIFE PLAN, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024

<i>(In Philippine Peso)</i>	<i>Notes</i>	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before Income Tax		8,440,404,570	5,994,311,899
Adjustments for:			
Increase in Pre-need Reserves	16	8,754,563,050	10,095,609,892
Increase in Other Reserves	17	88,934,145	212,541,474
Investments Income	22	(443,847,516)	(404,699,484)
Depreciation and Amortization	12, 30	117,354,286	126,263,740
Trust Fund Income	21	(6,418,582,605)	(6,243,399,049)
Interest Expense	30	9,314,494	5,618,759
Retirement Expense	29	46,369,697	22,716,883
Interest Income		(34,034,414)	(33,870,654)
Fair Value Gains from Investment Properties		-	(28,983,000)
Operating Income before Working Capital Changes		10,560,475,707	9,746,110,460
Decrease (Increase) in:			
Prepayments and Office Supplies	10	(26,202,451)	(1,669,554)
Other Assets	14	416,953	(1,418,059)
Increase (Decrease) in:			
Accrued Expenses and Other Liabilities	15	164,169,719	(42,118,204)
Other Liabilities	18	(32,131,046)	20,802,325
Net Cash Provided by Operating Activities		10,666,728,882	9,721,706,968
Contributions to Pension Plan	3,29	(126,162,500)	(62,376,400)
Interest Received		34,034,414	33,870,654
Income Tax Paid		(416,097,985)	(439,047,375)
Net Cash Provided by Operating Activities		10,158,502,811	9,254,153,847
CASH FLOWS TO INVESTING ACTIVITIES			
Proceeds from Withdrawal of Financial Assets		761,130,630	-
Addition in Financial Assets	7	-	(83,412,149)
Addition in Other Reserves Fund	9	(120,000,000)	(240,000,000)
Proceeds from Withdrawal of Investment in Trust Funds	8	3,397,746,107	3,789,637,303
Contributions to Trust Fund	4,5,9	(11,757,216,241)	(11,471,809,065)
Investment in Subsidiaries	11	(1,169,847,000)	(362,471,200)
Acquisitions of Property and Equipment	12	(33,592,478)	(35,886,132)
Net Cash Used in Investing Activities		(8,921,778,982)	(8,403,941,243)
CASH FLOWS TO FINANCING ACTIVITIES			
Dividends Paid	19	(1,360,000,000)	(816,000,000)
Lease Payments	30	(72,110,522)	(67,353,777)
Net Cash Used in Investing Activities		(1,432,110,522)	(883,353,777)
NET DECREASE IN			
CASH AND CASH EQUIVALENTS		(195,386,693)	(33,141,174)
CASH AND CASH EQUIVALENTS AT JANUARY 1		1,694,156,442	1,727,297,616
CASH AND CASH EQUIVALENTS AT DECEMBER 31	6	1,498,769,749	1,694,156,442

(See Accompanying Notes to Financial Statements)

ST. PETER LIFE PLAN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024
(Amounts in Philippine Peso)

1. GENERAL INFORMATION

ST. PETER LIFE PLAN, INC. (the “Company”) was incorporated in the Philippines to engage in the business of organizing, establishing, developing, conducting, maintaining, operating and selling of memorial plans and/or arrangements for funerals or memorial services and merchandise or articles of all kinds and descriptions pertinent or necessary thereto, to be delivered in the future to subscribers, purchasers, or plan holders, workers and all types of merchandise, equipment and/or services pertaining to the cemetery business, to provide funeral or memorial services or the burial, cremation and care of the remains of the departed. The Company has no ultimate parent or controlling individual.

The registered principal office address of the Company is at St. Peter Corporate Center, 999 EDSA Quezon City 1101 Philippines.

Approval of Financial Statements

On April 07, 2026, the Board of Directors of St. Peter Life Plan, Inc. approved and authorized the issuance of these audited financial statements as of and for the year ended December 31, 2025 (including the comparatives for the year ended December 31, 2024).

2. PRE-NEED REGULATIONS

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.

The following are the more significant provisions under RA No. 9829:

- *Authority of the Insurance Commission (IC).* All pre-need companies shall be under the primary and exclusive supervision and regulation of the IC (the Commission).
- *Paid-up Capital.* A pre-need company incorporated after the effectivity of the Code shall have a minimum paid-up capital of 100 million. Existing pre-need companies shall comply with the following minimum unimpaired paid-up capital:
 - a. 100 million for companies selling at least three (3) types of plan;
 - b. 75 million for companies selling two (2) types of plan; and
 - c. 50 million for companies selling a single type of plan.
- *Trust Fund.* The trust fund shall at all times be sufficient to cover the required pre-need reserve. The RA specifies the minimum amount of corresponding contributions to the trust fund.

- *Limitations on Different Investments of the Trust Funds.* To ensure the liquidity of the trust fund to guarantee the delivery of the benefits provided for under the plan contract and obtain sufficient capital growth to meet the growing actuarial reserve liabilities, all investments of the trust fund(s) of a pre-need company shall be limited and subject to limitations specified by the RA.

Under Chapter 11, Section 47 of the Pre-need Code, the IC shall have the authority to make, amend and rescind such accounting rules and regulations applicable for pre-need companies. In the absence of new accounting rules, amendments to or rescission of the current accounting rules authorized by the IC, the Company continues to follow the amended PNUCA.

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.

SEC Memorandum Circular (SMC) No. 6. Series of 2002

The SEC issued SMC No. 6, Standards for Valuation of Actuarial Reserve Liabilities for Pre-Need Plans (SEC Circular No. 6), effective June 27, 2002 (amended April 10, 2003). The following are the more significant provisions of this Circular:

- a. Actuarial reserve liabilities (ARL) must be set up for all pre-need benefits guaranteed and payable by the pre-need company as defined in the pre-need plan contracts;
- b. Where insurance coverage is provided in the plan contract, insurance premium reserves must be set up as a separate liability;
- c. The ARL must be determined by using a prospective method in accordance with the guidelines and Standards of the Actuarial Society of the Philippines;
- d. Actuarial reserve valuation methods must be consistent with any allowed accounting adjustments for deferred expenses. The net level contribution method of prospective valuation for both pre-need benefits reserve and insurance premium reserve (IPR) shall be used when there is deferment of expenses. Only first year commissions, overrides and bonuses may be deferred;

Administrative and other marketing expenses shall not qualify for deferral. The period of deferment shall not exceed the installment payment period and shall be in accordance with the New Pre-Need Rules which took effect on September 21, 2001;

- e. The ARL for a contract that has defaulted in payment of installments of the price, but which may still be reinstated, shall not be less than its reserve minus the uncollected contribution to reserve up to the date of valuation, multiplied by a validated reinstatement factors as determined by the actuary, provided the uncollected contributions to reserve is not reflected as an asset;
- f. The interest rate assumption in reserve valuation should be reflective of expenses and taxes incurred on investments, but the rate shall in no case exceed 80% of the average interest rate for the longest-term Philippine government security traded during the previous three (3) months.

If the experience net yield rate of the trust fund is higher than the set maximum, the actuary must show conclusive proof of the contracts whose reserves are being valued, before assuming such experience net yield;

- g. Rates of surrender, cancellation, utilization and inflation, when applied, must consider the actual experience of the company in the last three (3) years, or the industry, in the absence of a reliable company experience; and
- h. In determining the ARL of fully paid plans, no decrement rates other than utilization rates for the contingent principal benefits may be used. The actuary shall submit to the SEC for approval the necessary justification for any exception made to this rule;

The actuary shall validate every year the actuarial assumptions used in the reserve valuation and shall include in the actuarial certification a statement of the validation procedure.

Pre-Need Rule 31, as Amended: Accounting Standards for Pre-Need Plans and Pre-Need Uniform Charts of Accounts (PNUCA)

On May 10, 2007, the Pre-Need Rule 31: Accounting Standards for Pre-Need Plans and Pre-Need Uniform Charts of Accounts (PNUCA) was amended.

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

Trust Funds

- 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. The recognitions and measurement of the assets in the trust funds shall be in accordance with Philippine Accounting Standards (PAS) 39, *Financial Instruments: Recognition and Measurement* and PAS 40, *Investment Property* and other applicable standards, depending on the composition of the fund.
- d. The component assets and liabilities of the trust funds shall be presented separately in the notes to financial statements.

Pre-Need Reserves

- a. 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;
- b. In recognizing the PNR for life plans, the general requirements of PFRS 4, *Insurance Contracts*, on provisioning and specific methodology provided under this item shall be complied by the Company;
- c. 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 reporting date. The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of a provision;

- d. Since the effect of 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 the different probabilities as follows:
 - (i) On Currently-Being-Paid Plans
 - 1. Provision for termination values applying the surrender rate experience of the Company; and
 - 2. Liability shall be set up for the currently-being-paid plans. It shall be equivalent to the present value of future benefits reduced by the present value of future fund contributions discounted at an attainable interest rate per Product Model of the Company;
 - (ii) On Lapsed Plans within the Allowable Reinstatement Period
 - 1. Provision for lapsed plans applying the reinstatement experience of the company shall be set up;
 - (iii) Fully Paid Plans
 - 1. For fully paid plans, the reserve shall be the present value of future benefits discounted at the attainable rate, as determined and certified by the Company's actuary using industry best practices and principles which shall be indicated in such certification.
- e. Future events that may affect the foregoing amounts shall be reflected in the amount of provision for PNR where there is sufficient objective evidence that they will occur;
- f. The rates of surrender, cancellation, reinstatement, utilization and inflation, when applied, must consider the actual experience of the company in the last three (3) years, or the industry in the absence of a reliable company experience;
- g. The computation of the foregoing assumptions shall be validated by an independent 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;
- h. The probability of pre-termination or surrender of fully paid plans shall be considered in determining the PNR of fully paid plans. A pre-need 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;
- i. The disclosure requirement under PAS 1, *Presentation of Financial Statements*, relative to methods and assumptions used to estimate the PNR, including the sensitivity of the PNR amount, shall be complied with; and
- j. Any excess in the trust fund as a result of the revised reserving method shall not be released from the fund and may be credited for future deposit requirements.

Other Reserves Fund

This represents corporate assets that are allocated to cover the payment of insurance premium and expenses that the Company will incur in administering the pre-need plan after payment period. This shall at least be equal to the amount computed for the Insurance Premium Reserves (IPR) under "Other Reserves" account.

Other Reserves

The Company shall set-up other provisions in accordance with PAS 37 to cover obligations such as Insurance Premium Reserve (IPR).

Unless the IC shall so specifically require, a company may, at its option, set up other provisions as a prudent measure.

Premium Revenues

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 revenue.

Trust Fund Income

Income generated by the trust fund shall be included in the Investment in Trust Funds account under the asset section of the Statement of Financial Position (*Note 8*).

The amount of the trust fund income shall be disclosed in the notes to the financial statements. The portion of the retained earnings representing the trust fund income shall be automatically restricted to payment of benefits of plan holders and such other related payments as allowed under the Pre-Need Code and other pertinent rules.

Cost of Contracts Issued

This account pertains to:

- a. The increase in PNR for the current year as compared to the provision for the same period of the previous year. If there is a decrease in the PNR as a result of new information or new developments, the amount shall be deducted from the Cost of Contracts Issued of the current period. In case of material prior period error, the requirements of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, shall be complied with by the pre-need company;
- b. Amount of trust funds contributed during the year; and
- c. Documentary stamp tax and registration fees.

The foregoing items shall be presented separately on the face of the Statements of Comprehensive Income.

Other Direct Costs and Expenses

This account includes the following, which shall be presented separately in the notes to the financial statements:

- a. Basic and other commission expenses;
- b. Insurance;
- c. Other expenses that constitute direct cost of contracts issued.

SEC Interpretative Bulletin No. 1 Series of 2008

On January 17, 2008, the SEC issued a bulletin to guide pre-need corporations, pre-need actuaries and pre-need external auditors on the implementation of Pre-Need Rule 31, As Amended, *Accounting Standards for Pre-Need Plans* (Pre-Need Rule 31, As Amended) and PNUCA.

The more significant provisions of this bulletin are as follows:

Pre-Need Reserves

The PNR or the reserve for education plan, life plan and pension plan, cover the liabilities for education plan, life plan and pension plan. PNR represents the present value of future pre-need benefits less the present value of future trust fund contributions. The amount indicated as PNR shall be the same as stated in the Actuarial Valuation Report and Audited Financial Statements with the required disclosures.

Other Reserves

The Company is required to set up an insurance premium reserve under the account "Other Reserves." This account may also include the following items:

- 1) Paid up capital reserves;
- 2) Reserve for the difference in the PNR computation using a rate other than the SEC-approved hurdle rate and;
- 3) Other reserves as may be allowed by the Commission.

IC Circular Letter No. 8-2012

On March 15, 2012, the IC issued Circular Letter No. 8-2012, *Allowable Investment for Pre-need Trust Funds*. In addition to the provisions of Section 34 of the Pre-need Code, Investment of the Trust Fund, the following additional investment outlets shall be allowed as "Other Investments" with corresponding maximum limits and subject to prior approval of the IC.

The amount allocated shall not exceed twenty percent (20%) of the total trust fund while the investment in any particular item below shall not exceed fifteen percent (15%) of the trust fund.

Provided, further, that no investment in any single entity shall exceed ten percent (10%) of the total value of trust fund.

- a. Preferred shares – Preferred stock, also called preferred shares, preference shares of simply preferred, is a special equity security that has properties of both equity and a debt instrument and is generally considered a hybrid instrument. Preferred are senior (i.e., higher ranking) to a common stock but are subordinate to bonds. Preferred stock usually carries no voting rights, but may carry a dividend and may have priority over common stock in the payment of dividends and upon liquidation.
- b. Real Estate Investment Trust (REIT) – Real estate investment trust or REIT as defined under Republic Act No. 9856 is a stock corporation establish in accordance with the Corporation Code of the Philippines and the rules and regulation promulgated by the IC principally for the purpose of owning income-generating real estate assets. For purposes of clarity, a REIT, although designated as a 'Trust' does not have the same technical meaning as 'trust' under existing laws and regulations but it used herein for the sole purpose of adopting the internationally accepted description of the company in accordance with global best practices.

- c. Tier 2 Notes – Tier 2 notes that generally constitute direct, unconditional, unsecured and subordinated obligations of a bank. More commonly, claims of all noteholders will enjoy priority over the rights and claims of holders of all classes of equity securities of a bank, including holders of preference shares, if any. The issuer bank should have a credit rating of no less than 'A' from Philippine Rating Services Corporation (PhilRatings).
- d. Service Assets – Under Republic Act No. 9829, Section 35 Responsibilities of a Trustee of Pre-need Companies under (c) 'Not use the trust fund to invest in or extend any loan or credit accommodation to the pre-need Company, its directors, officers, stockholders and related interests as well as to persons or enterprises controlling, owned or controlled by, or under common control with said company, its directors, officers, stockholders and related interests except for entities which are direct providers of pre-need companies.

Service assets are investment by a pre-need company directly or through a service provider in resources or capabilities that may be used to offset a future liability. These are assets or shares which are not intended for resale or investment but to offset future liabilities.

- i. Pre-need companies differ from insurance companies because their obligations are not necessarily financial in nature. Some of their liabilities may be in the form of assets or services. Hence, there are arbitrage opportunities where the pre-need company is able to provide the service or asset at a cost below the amount originally projected in the financial model.
- ii. Mortuaries – Historically investments by pre-need companies in mortuaries have allowed some pre-need companies to answer their life plan obligation. Investments take the form of buying or investing in mortuaries, purchasing assets required to provide memorial services, such as hearses, cremation machines or loaning funds to independent mortuaries where conditions of the loan include providing discounted memorial services.
- iii. Memorial lots and/or columbaries – Some life plan liabilities are in the form of memorial lots or columbaries, where the commitment of the life plan company is to provide a complete funeral service including a memorial lot.

Memorial lots or columbaries that are not part of the package of a funeral service shall be considered as inventories held for sale. In which case, the asset shall be considered as real estate.

- iv. Schools – Investments by pre-need companies in educational institutions would reduce the cost of servicing education plans, because the cost of educating additional students is only marginal. The pre-need company would only have to spend on the marginal cost of educating additional students.
- v. Retirement homes – Some pension plans may include the provision of adult oriented housing for retirees as a benefit of the pension plan. Consequently, the ownership of such service assets will inculcate or control the liability of the pre-need company.

As of December 31, 2025 and 2024, the Company has complied with the allowable investments under IC Circular Letter No. 8-2012 (Note 8).

IC Circular Letter No. 23-2012

On November 23, 2012, the IC has issued Circular Letter 23-2012 relating to the Valuation of Transitory Pre-Need Reserves (TPNR). The circular states that in order to provide regulatory leeway for old basket of plans previously approved by the SEC, the valuation of PNR shall be governed by the following:

a. *Discount Interest Rate for the PNR*

The transitory discount interest rate per year shall be used in the valuation of PNR shall not exceed the lower of the attainable rates as certified by the Trustee and the following rates below:

<u>Year</u>	<u>Discount Interest Rate</u>
2012-2016	8.00%
2017	7.25%
2018	6.50%
2019 and onwards	6.00%

For the year ended December 31, 2025, the Company has used the attainable rate of 6.00% in valuing its PNR (*Note 16*).

b. *Transitory Pre-Need Reserve*

In effecting the transition in the valuation of reserves for old basket of plans, IC shall prescribe a TPNR with a maximum period of ten (10) years.

For each of the pre-need plan categories, the TPNR shall be computed annually on all old basket of plans outstanding at the end of each year from 2012 to 2021 using the discount interest rates provided above. If the actual trust fund balance is higher than or equal to the resulting PNR then the liability set-up shall be the PNR. However, if the resulting PNR is greater than the actual trust fund balance at the end of the year, TPNR shall be computed.

The actual trust fund balance shall be the trust fund balance at the end of the year net of any receivables by the pre-need company from the trustee for the contractual benefits outstanding as of the end of the year.

The TPNR liability shall be recognized each year. The trust fund deficiency shall be funded by the pre-need company within sixty (60) days from April 30 following the valuation date.

As of December 31, 2025, the Company's investment in trust fund is significantly higher than the PNR computed using the discount interest rates required by IC Circular Letter 23-2012.

IC Circular Letter No. 43-2015

On August 7, 2015, the IC has issued Circular Letter No. 43-2015 relating to the Guidelines on the Management of the Trust Fund to govern the management and administration of the trust fund established for the payment of pre-need benefits under plan contracts and to provide an updated and more flexible choice of investments for the net surplus fund subject to rules and regulations that would ensure prudent investment management and protection of the interests of the planholders, including the promotion of the sound, stable and sustainable growth of the pre-need industry as provided for in Section 2 of the Pre-Need Code.

Trust fund surplus

The net asset value in the trust fund shall be at least equal to the required pre-need reserve liability (PRL) as determined by an accredited actuary.

The PRL shall be computed in accordance with the prescribed applicable rate at the time of valuation.

Net surplus fund

The net surplus fund is an extended fund of the trust fund. Its availability shall be determined based on the trust fund income as of December 31 of the immediately preceding calendar year.

The net surplus fund is determined as the difference between the trust fund surplus against the sum of provision for adverse deviation and excess liability reserve.

Trust fund surplus refers to the excess of the net asset value in the trust fund over the pre-need reserve liability. The net asset value is the trust fund balance at the time of valuation. The net asset value is also referred to as trust fund equity.

Investment of the trust fund and net surplus fund

Investment of the trust fund shall be limited to the allowable investments provided for under Section 34 of the Pre-Need Code and to such other investments approved by the Commission, and shall be subject to the limitations found therein.

In case there is a net surplus, investment of the same shall be limited to the items enumerated under Section 34 of the Pre-Need Code and other allowable investments approved by the Commission, without the percentage limits set forth. Any investment outlet not enumerated therein may be allowed subject to the prior approval of the Insurance Commission.

The net surplus shall be placed in net surplus fund of each of the plan type (life, pension and education plan).

Withdrawal of the excess liability reserves of closed accounts

Withdrawal of the excess liability reserve (ELR) of closed accounts from the trust fund may be allowed subject to the prior approval of the Commission and payment of processing fee of 50,000 per application.

Request for the withdrawal of the ELR of closed accounts shall be submitted within thirty (30) days from receipt by the Commission of the Actuarial Valuation Report.

In case the Commission acts favorably on the request, withdrawal shall be made within sixty (60) days from receipt of approval. No withdrawal after sixty (60) day period shall be allowed by the trustee bank.

The total plan deposit and ELR information per plan contract shall be included in the monthly trust fund withdrawal report submitted to the Commission.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Financial Statement Preparation

The Company's financial statements have been prepared in accordance with financial reporting framework in the Philippines for pre-need companies and Philippine Financial Reporting Framework as set forth in Philippine Financial Reporting Standards (PFRS) Accounting Standards applicable for pre-need companies in the Philippines. PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC except for the accounting treatment of revenues and financial liabilities under PAS and PFRS 4 where the SEC issued a notice of the Revised PNUCA on May 10, 2007. The Company's financial statements have been prepared in accordance with accounting standards set forth in the Pre-need Rule 31, As Amended: *Accounting Standards for Pre-Need Plans and Pre-Need Uniform Chart of Accounts (PNUCA)*.

The financial statements are prepared under the historical cost convention modified for the measurement of financial assets at their Fair Value and/or Present Value as dictated by the standard.

SEC Accounting Rules

The significant provisions of the rules and regulations of the revised PNUCA adopted by the Company are as follows:

- a. Presentation of Financial Statements adopting the SEC Uniform Chart of Accounts resulted to reclassification of current financial statement accounts and additional disclosures;
- b. Pre-Need Reserve Liabilities are set up for all pre-need benefits guaranteed and payable by the Company as defined in the pre-need plan contracts;
- c. Provisions for Pre-Need Reserves are set up by the Company in accordance with PFRS 4;
- d. Premium Revenue represents collections from sale of pre-need plans and presented as the major source of revenue in the Statements of Comprehensive Income.

Functional and Presentation Currency

These financial statements are prepared in Philippine Peso (₱), the Company's Functional Currency, and all values are rounded to the nearest peso except when otherwise indicated.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Adoption of Amended PFRS Accounting Standards

Effective in 2025 that are relevant to the Company

The Company adopted for the first time the following amendment to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2025: The application of these amendments had no significant impact on the Company's financial statements, unless otherwise stated.

- **Amendments to PAS 21, *The Effect of Changes in Foreign Exchange Rates – Lack of Exchangeability*** – The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

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

Effective Subsequent to 2025 but not Adopted Early

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

- **Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*** – The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

The Company is currently assessing the impact of adopting the amendments to these standards on its financial statements.

- **Amendments to PFRS 9 and PFRS 7: *Contracts Referencing Nature-dependent Electricity*** (effective from January 1, 2026) – These amendments address accounting issues arising from power purchase agreements (PPAs) and similar contracts where electricity generation depends on natural sources such as wind or solar.

- **Amendments to PFRS 9 and PFRS 7: Classification and Measurement of Financial Instruments** (effective from January 1, 2026) – The amendments clarify the classification and measurement requirements under PFRS 9 and enhance disclosure requirements under PFRS 7. The changes address specific application issues identified in practice.
- **Annual Improvements to PFRS – Volume 11** – This set of amendments aims to enhance clarity, consistency, and usability of financial reporting by addressing minor inconsistencies and improving the wording of certain standards without altering their fundamental principles. The improvements include:
 - **PFRS 9, Financial Instruments** – Clarifies the treatment of transaction price references and provides guidance on lessee derecognition of lease liabilities.
 - **PFRS 7, Financial Instruments: Disclosures** – Updates disclosure requirements related to gain or loss on derecognition, credit risk disclosures, and terminology alignment with PFRS 13.
 - **PFRS 1, First-time Adoption of PFRS** – Enhances guidance on hedge accounting for first-time adopters by aligning terminology with PFRS 9.
 - **PFRS 10, Consolidated Financial Statements** – Provides clarification on assessing whether an entity is acting as a de facto agent.
 - **PAS 7, Statement of Cash Flows** – Updates outdated terminology by replacing "cost method" with "at cost" to align with current standards.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026.

- **PFRS 17, Insurance Contracts** – PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

On February 14, 2025, the FSRSC approved the amendment to PFRS 17, Insurance Contracts that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This is consistent with Circular Letter No. 2025-04 issued by the Insurance Commission (IC).

PFRS 17 is effective for reporting periods beginning on or after January 1, 2027, with comparative figures required. Early application is permitted.

- **PFRS 18, *Presentation and Disclosure in Financial Statements*** (effective from January 1, 2027) – This standard introduces new requirements for the presentation and disclosure of financial statements, replacing certain aspects of PAS 1, Presentation of Financial Statements. It aims to improve transparency and comparability by requiring entities to classify income and expenses into defined categories within the statement of profit or loss. The standard also enhances disclosures related to management-defined performance measures, ensuring consistency in financial reporting.
- **PFRS 19, *Subsidiaries without Public Accountability*** (effective from January 1, 2027) – This standard provides a simplified reporting framework for subsidiaries that do not have public accountability but are required to prepare financial statements under PFRS. It allows eligible entities to apply a reduced set of recognition, measurement, and disclosure requirements while maintaining consistency with full PFRS. The objective is to ease the financial reporting burden on subsidiaries while ensuring comparability with Company's financial statements.

Separate Financial Statements and Investment in Subsidiary

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements as required under PFRS Accounting Standards.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls: (i) it has power over the entity; (ii) it is exposed, or has rights to, variable returns from its involvement with the entity; and, (iii) it has the ability to affect those returns through its power over the entity.

The Investment in Subsidiary is carried in the Statements of Financial Position at cost less any impairment loss. The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investments and are recognized as a reduction of the cost of the investments.

Investment in Subsidiary is derecognized upon sale or disposal. Any gain or disposal arising from derecognition is recognized in profit or loss. Gain or loss is computed as the difference between proceeds from the disposal and its carrying amount, is recognized in profit or loss at the time of sale or disposal.

Product Classification

The provisions of PFRS 4 provides that insurance contracts are defined as those contracts under which the Company (the insurer) accepts significant insurance risks from another party (the planholders) by agreeing to compensate the planholders if a specified uncertain future event (the insured event) adversely affects the planholder. As a general guideline, the Company defines significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

As provided under PFRS 4, this product classification exercise is solely for accounting purposes and does not make the Company an insurance company for statutory and regulatory purposes. The Company as a pre-need company is under the regulation of the Insurance Commission.

For financial options and guarantees which are not closely related to the host insurance contract, bifurcation is required to measure these embedded financial derivatives separately at FVTPL. Bifurcation is not required if the embedded derivative is itself an insurance contract or when the host insurance contract itself is measured at FVTPL.

The surrender options within the life plans issued by the Company are treated as derivative financial instruments, which are closely related to the host contract and therefore not bifurcated subsequently. As such, the Company does not separately measure options to surrender insurance contracts for a fixed amount (or an amount based on a fixed amount and an interest rate).

As provided under SEC Interpretative Bulletin No. 1, Series of 2008, the reserves for Life Plans shall be included in the Pre-Need Reserve (PNR) account in the Statements of Financial Position.

Fair Value Measurement

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial asset which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. Discussed below are the levels of fair value hierarchy.

- Level 1 – Those with quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2 – Those with inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3 - Those with inputs for asset or liability that are not based on observable market data (unobservable inputs)

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

Financial Instruments

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

Financial Assets

Date of Recognition of Financial Assets

The Company recognizes financial assets in the Statements of Financial Position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on trade date, i.e., the date the Company commits to purchase or sell the asset.

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, Fair Value through Other Comprehensive Income (FVOCI), and Fair Value through Profit or Loss (FVTPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are Single Payment of Principal and Interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

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

- Financial Assets at FVTPL
- Financial Assets at FVOCI
 - Debt Securities
 - Equity Securities
- Financial Assets at Amortized Cost

Financial Assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at financial assets at FVTPL, irrespective of the business model. Financial assets at FVTPL are carried in the Statements of Financial Position at fair value with net changes in fair value recognized in the Statements of Comprehensive Income.

Financial Assets at FVOCI

Financial assets at FVOCI include debt and equity securities. After initial measurement, financial assets at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of investment securities at FVOCI are excluded, net of tax as applicable, from the reported earnings and are included in the Statements of Comprehensive Income as changes in fair value of financial assets at FVOCI.

Debt Securities at FVOCI are those that meet both of the following conditions: (i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. The effective yield component of debt securities at FVOCI, as well as the impact of restatement on foreign currency-denominated debt securities at FVOCI, is reported in the Statements of Income. Interest earned on holding debt securities at debt securities at FVOCI are reported as 'Interest income' using the effective interest rate (EIR) method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the Statements of Comprehensive Income is recognized as 'Trading gain/(loss) - net' under 'Investment Income' and Trust Fund Income' in the Statements of Income.

Equity Securities Designated at FVOCI are those that the Company made an irrevocable election at initial recognition to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the Statements of Income as Dividends Income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the Statements of Comprehensive Income is reclassified to Retained earnings or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Financial Assets at Amortized Cost

Financial assets at amortized cost are financial assets that meet both of the following conditions: (i) these are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and (ii) the contractual terms give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

As of December 31, 2025 and 2024, the Company's financial assets at amortized cost are presented in the Statements of Financial Position, including those included in the investment in trust fund, financial assets and other reserve funds as cash and cash equivalents, and loans and receivables.

After initial measurement, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. Losses arising from credit losses are recognized in 'Provision for impairment, credit and other losses' in the Statements of Income.

Impairment of Financial Assets

The adoption of PFRS 9 has changed the Company's loss impairment method on financial assets by replacing PAS 39's incurred loss approach with a forward-looking ECL approach which covers all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under PFRS 9.

The ECL allowance is based on the credit losses expected to arise on 12-month duration if there has been no significant increase in credit risk (SICR) of the financial asset since origination. Otherwise if a SICR is observed, then the ECL estimation is extended until the end of the life of the financial asset. The 12-month ECL represents the losses that result from default events on a financial asset which may happen within 12 months after the reporting date. The Lifetime ECL on the other hand represents the losses that result from default events on a financial asset which may happen over its life. Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Date of Recognition of Financial Liabilities

The Company recognizes financial liabilities in the Statements of Financial Position when it becomes a party to the contractual provisions of the instrument.

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Gains or losses on liabilities held for trading are recognized in the Statements of Income.

As of December 31, 2025 and 2024, the Company has no financial liabilities classified as FVTPL and derivatives designated as hedging instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at Amortized Cost

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statements of Income.

This accounting policy applies primarily to the Company's accrued expenses and other liabilities, (excluding statutory payables and other liabilities to the government), lease liabilities and other obligations that meet the above definition.

Investment Properties

Investment properties are accounted for under the fair value model and are measured initially at acquisition cost.

Property and Equipment

Property and equipment are initially measured at cost and subsequently carried at cost less any accumulated depreciation and any accumulated impairment losses except for land which is measured at revalued amount.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Item	Years
Building	20
Building Improvements	3-5
Furniture and Fixtures	3-5
Office Equipment	3-5
Transportation Equipment	3-5

Leasehold improvements are amortized over the asset's estimated useful lives of 3 to 5 years or applicable lease terms, whichever is shorter.

The land is not depreciated. The assets' residual values, estimated useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each financial year-end.

Impairment of Nonfinancial Assets

The Company's property and equipment, investment in subsidiaries, investment properties, and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Investments in Trust Funds

Trust Fund is a fund set-up from planholders' payments, separate and distinct from the paid-up capital of a registered pre-need company and registered by the Commission to engage in the business of selling pre-need plans.

Measurement, recognition and disclosure for trust fund shall be in accordance with PFRS 9 (Financial Instruments) and PAS 40 (Investment Property) and other applicable standards, depending on the composition of the fund.

The net asset value in the trust fund shall be at least equal to the required Pre-Need Reserves as determined by a qualified actuary using the method prescribed by Pre-Need Rule 31, as amended.

Income generated by the Company's trust funds are included in the "Investments in Trust Funds" account under the assets section of the Statements of Financial Position and credited to "Trust Fund Income". This income is restricted to payments as enumerated/explained in Note 8.

The net unrealized gain/loss in value of trust funds' investments are included in the "Investments in Trust Funds" account and is shown separately as "Revaluation Reserve from Financial Assets" in the stockholders' equity of the Statements of Financial Position and Statements of Changes in Equity.

Liquidity Reserve Fund is the portion of the trust fund set aside by the Trustee to cover the benefits due to planholders during the ensuing year. Pursuant to SRC Section 16, Rule 18, the Company is required to maintain at least twenty percent (20%) liquidity reserve to cover the benefits due to planholders during the ensuing year unless the actuary otherwise determines.

Other Reserves Fund

Other Reserves Fund is comprised of funds for Insurance Premium Reserve.

The Insurance Premium portion of the fund is set aside to cover the payment of insurance premium due after the paying period of the pre-need plan.

Pre-need Reserves

Pre-Need Reserves (PNR) is being set-up for all pre-need benefits guaranteed and payable by the Company as defined in the pre-need plan contracts. Pre-Need Reserves are computed using the modified net premium reserving method based on a prospective approach, and is in accordance with the Guideline and Standards of the Actuarial Society of the Philippines.

The actuarial assumptions used in the valuation of reserves (e.g. interest rate, inflation rate, withdrawal rate, availment rate and contingent benefit costs) are based on the provisions of the Pre-need Code, its implementing rules and subsequent IC memos on its implementation. For 2025 and 2024, the Company used an interest rate assumption of 6%.

The Company no longer used lapse and withdrawal rates in line with the Insurance Commission's requirement. The Company used utilization rates which are based on the Company's experience, imputing margins for conservatism. The Company likewise used inflation rates and contingent benefit costs which are based on its actual experience. No other decrement, other than utilization rate, was used after payment period of the plan. The assumptions were then validated by an independent actuary.

Other Reserves

Other Reserves is comprised of reserves for Insurance Premium. The Insurance Premium Reserve is set aside to cover the payment of insurance premium due after the paying period of the Pre-Need Plan.

This is in accordance with the product pricing viability, as approved by IC.

The actuarial formula and methods for the valuation of the Insurance Premium Reserves is based on generally accepted actuarial principles and practice.

Equity

Capital Stock is determined using the nominal value of shares that have been issued.

Retained Earnings include all current and prior period results of operations as disclosed in the Statements of Comprehensive Income.

Revaluation Reserves comprise gains and losses due to the revaluation of financial assets from trust fund and other funds.

Revaluation Reserve from Property and Equipment pertains to appraisal increments in the market value of a property and equipment.

Remeasurement Reserve from Defined Benefit Plan comprises of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets.

Revenues

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The Company determined that it is the principal in its revenue arrangements, as it controls the goods or services prior to their transfer to the customer.

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

a. Premium Revenue

Premiums from sale of pre-need plans are recognized as earned when collected.

b. Trust Fund Income

Income generated by the trust fund are included in the "Investments in Trust Funds" account under the assets section of the Statements of Financial Position and credited to trust fund income. This income is restricted to payments as enumerated in Note 8.

c. Interest Income

Interest Income shall be recognized in the Statements of Income as it accrues, taking into account the effective yield of the asset or liability or an applicable floating rate. Income and expense includes 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.

d. Other Income

This may include service fee, plan administration and other contract fees, surcharge and amendment fees and miscellaneous income. These are recognized as revenue in the period in which the related services are performed.

Cost of Contracts Issued

Cost of Contracts Issued pertains to the increase 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; and, Documentary Stamp Tax and IC registration fees. If there is a decrease in the PNR as a result of new information or new developments, the amount shall be deducted from the cost of contracts issued for the current period. Documentary stamp tax and IC registration fees are expensed as incurred.

Plan Benefits

Plan benefits pertains to benefits availed by the planholders/beneficiaries that include memorial service and termination benefits except benefits paid from insurance coverage.

Value-Added Tax (VAT)

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

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- where receivables and payables are stated with the amount of VAT included.

The net amount of tax recoverable from the taxation authority is included as part of "Other Assets" account in the Statements of Financial Position.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Company as Lessee

Subsequent to initial recognition, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from 10 years.

Short-term Leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date or initial application of PFRS 16 and do not contain a renewal or purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

(b) Company as Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the income to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Income Taxes

Current Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted as of the financial reporting date.

Deferred Income Tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

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

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Related Party Transactions and Relationships

A related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities that are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, Management has made the following judgments, apart from those involving estimation, which have the most material effect on the amounts recognized in the financial statements:

Determination of Lease Term of Contracts with Renewal – Company as a Lessee

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Operating Leases Commitments – Company as Lessor

The Company entered into commercial property leases on its investment property and determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for them as operating leases.

Rental income recognized from its lease commitment amounted to ₱431,456 and ₱410,911 in 2025 and 2024, respectively, and is included under Other Income – Miscellaneous Income account (See Note 23).

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

Estimating the Incremental Borrowing Rate on Lease Liabilities

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Company's lease liabilities amounted to ₱104,061,557 and ₱133,006,938 as of December 31, 2025 and 2024, respectively (see Note 30).

Estimating Useful Lives of Property and Equipment

The useful lives of property and equipment are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets.

It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recognized operating expenses and decrease non-current assets.

There is no change in estimated useful lives of property and equipment in 2025 and 2024. The net carrying amount of property and equipment are analyzed in Note 12.

Estimation of Useful Lives of Property and Equipment and Right-of-use Assets

The Company estimates the useful lives of right-of-use assets based on the period over which the assets are expected to be available-for-use. The estimated useful lives of right-of-use assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

The carrying amounts of right-of-use assets are analyzed in Note 30. Based on management's assessment as of December 31, 2025 and 2024, there is no change in estimated useful lives of right-of-use assets during those years.

Impairment of Non-financial Asset

In assessing impairment, Management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has assessed that no impairment losses are required to be recognized on non-financial assets in 2025 and 2024.

Impairment of Financial Assets

The Company determines that the financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. This determination of what is 'significant' and 'prolonged' requires judgment. The Company treats 'significant' generally as 20% or more and 'prolonged' greater than six (6) months. In making this judgment, the Company evaluates, among other factors, the normal volatility in price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, change in technology, and operational and financing cash flows.

Loans and receivables (held in investments in trust funds) amounted to ₱1,244,299,483 and ₱1,138,875,037 as of December 31, 2025 and 2024, respectively, which consists of interest receivable mostly from risk-free fixed income debt securities (*Note 8*). The carrying value of financial assets (held in investments in trust funds) amounted to ₱121,148,962,389 and ₱106,053,308,881 as of December 31, 2025 and 2024, respectively (*See Note 5*).

Pre-need Reserves

The Pre-Need Reserves for life plans are determined using an actuarial formula which is based on the Pre-Need Code, its IRR and subsequent guidelines on its implementation.

The assumptions used for the valuation of reserves are consistent with IC rules and regulations. The PNR is determined using the modified net premium method based on the prospective approach and is in accordance with the Guidelines and Standards of the Actuarial Society of the Philippines.

The Company used an interest rate of 6% in computing for the PNR in 2025 and 2024.

Lapsation Rates

In line with the IC's requirement, the Company no longer use lapse and withdrawal rates.

The Company also used utilization rates which are based on the Company's experience, imputing margins for conservatism. The Company likewise used contingent benefit costs which are based on actual experience.

The carrying value of PNR as of December 31, 2025 and 2024 amounted to ₱107,942,482,717 and ₱99,187,919,668, respectively (*see Note 16*).

Sensitivities

The Company likewise determined the sensitivity of the reserves as regards interest rate. It has measured that a 25 basis points (0.25 percent) decrease in interest rate can affect its reserves by approximately 2.550B and 2.719B in 2025 and 2024, respectively.

Insurance Premium Reserves (IPR)

The Company purchases group insurance benefits from an insurance company. Since the payment term of the pre-need plans is shorter than the maximum duration of insurance coverage, the Company sets aside IPR to be able to pay for the insurance premiums due after the paying period.

Some plans still have insurance coverage after the paid up year. Thus, insurance premiums are still paid to the insurance company for the cost of the insurance coverage even after the installment payment period. Similar to PNR, the calculation uses the same actuarial assumptions, and considers the portion of the future installments allotted for insurance expenses.

IPR presented under "Other Reserves" account in the Statements of Financial Position amounted to ₱2,229,882,496 and ₱2,140,948,351 as of December 31, 2025 and 2024, respectively (see Note 17).

Fair Values of Financial Assets and Liabilities

The Company carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgments. Fair value determinations for financial assets and liabilities are based generally on listed or quoted market prices. If prices are not readily determinable or if liquidating the position is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period of time.

While significant components of fair value measurement were determined using verifiable objectives evidence (i.e, foreign exchange rate, interest rates, volatility rates), the amount of changes in fair value of these financial assets and liabilities would affect profit and loss and other comprehensive income.

The related balances follows:

	2025	2024
Financial Assets (See Note 7)	₱4,667,551,385	₱5,144,931,231
Other Reserve Fund (See Note 9)	2,969,426,597	2,709,687,142
Investment in Trust Fund (See Note 8)	124,631,036,586	109,860,190,377
	₱132,268,014,568	₱117,714,808,750

Valuation of Post-Employment Defined Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and expected salary increase rates. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses, and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense, and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 29.

5. RISK MANAGEMENT POLICIES

The Company's enterprise-wide risk management framework establishes policies, operating guidelines, risk tolerance limits and practices for risk management. It also provides oversight to the risk management activities within the Company's business segment, ensuring discipline and consistency are applied to the practice of risk management.

Governance Framework

The primary objective to the Company's risk and financial management framework is to protect the Company from events that hinder the sustainable achievement of the Company's performance objectives. The Company recognizes the importance of having efficient risk management systems in place in order to meet its financial obligation to its planholders.

The Chief Executive Officer is responsible for establishing and implementing the risk management system to identify, control and manage risks and to continuously report to the BOD on risk management issues.

The Operations Committee, which is composed of senior management, is responsible for the approval of new or modified operations policies and procedures and ensures that all marketing and finance concerns and requirements are addressed by operating departments. All staff members are responsible for taking reasonable and practicable steps to perform their responsibilities and to report through management any incident that may result in unacceptable levels of risk.

Regulatory Framework

The operations of the Company are subject to the regulatory requirements of the Securities and Exchange Commission particularly the Insurance Commission. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., pre-need funds are managed by trustee banks and the nature of investment is that the trust funds can be invested in).

Financial Instruments

The following table shows the carrying values and fair values of financial assets and financial liabilities recognized as of December 31, 2025 and 2024:

Held in Trust Funds

	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and Cash Equivalents	₱601,820,874	₱601,820,874	₱2,182,983,537	₱2,182,983,537
Loans and Receivables				
Dividends Receivable	23,728,516	23,728,516	25,020,883	25,020,883
Others	1,220,570,967	1,220,570,967	1,113,854,154	1,113,854,154
Financial Assets				
Financial Assets at FVTPL	31,039,038,037	32,248,462,578	32,185,766,730	32,541,468,518
Financial Assets at FVOCI	47,769,036,744	47,921,303,724	18,977,286,971	19,153,898,819
Financial Assets at AC	42,340,887,608	42,340,887,608	54,890,255,180	54,890,640,968
	₱122,995,082,746	₱124,356,774,267	₱109,375,167,455	₱109,907,866,879
Financial Liabilities				
Accrued Expenses and Other Liabilities	₱127,176,839	₱127,176,839	₱433,322,460	₱433,322,460

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Not Held in Trust Funds

	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and Cash Equivalents	₱456,428	₱456,428	₱3,551,426	₱3,551,426
Loans and Receivables				
Dividends Receivable	307,667	307,667	587,929	587,929
Others	39,718,478	39,718,478	40,858,243	40,858,243
Financial Assets				
Financial Assets at FVTPL	827,711,363	854,225,417	1,276,164,642	1,211,514,522
Financial Assets at FVOCI	2,193,723,790	2,205,017,896	2,203,040,075	2,240,336,105
Financial Assets at AC	1,568,814,936	1,568,814,936	1,649,138,176	1,649,138,176
	₱4,630,732,662	₱4,668,540,822	₱5,173,340,491	₱5,145,986,401
Financial Liabilities				
Accrued Expenses and Other Liabilities	₱989,437	₱989,437	₱1,055,170	₱1,055,170

Held in Other Reserves Fund

	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and Cash Equivalents	₱10,152,272	₱10,152,272	₱61,161,814	₱61,161,814
Loans and Receivables				
Dividends Payable	386,633	386,633	-	-
Others	27,976,029	27,976,029	29,055,233	29,055,233
Financial Assets				
Financial Assets at FVTPL	571,437,714	553,544,726	540,837,600	511,110,307
Financial Assets at FVOCI	653,438,915	658,396,937	313,701,500	312,953,943
Financial Assets at AC	1,720,116,685	1,720,116,685	1,799,444,721	1,799,444,721
	₱2,983,508,248	₱2,970,573,282	₱2,744,200,868	₱2,713,726,018
Financial Liabilities				
Accrued Expenses and Other Liabilities	₱1,146,685	₱1,146,685	₱4,038,876	₱4,038,876

Due to the short-term nature of cash and cash equivalents, short-term investments, loans and receivables, accrued expenses and other liabilities, their carrying values reasonably approximate fair values at year end.

The table below shows the fair value of the Company's financial assets, Investment Properties and Property and Equipment as of December 31:

	2025	2024
Level 1		
Held in Trust Fund		
Financial Assets at FVTPL	₱32,248,462,578	₱32,541,468,518
Not Held in Trust Fund		
Financial Assets at FVTPL	854,225,417	1,211,514,522
Other Reserve Fund		
Financial Assets at FVTPL	553,544,726	511,110,307
	₱33,656,232,721	₱34,264,093,347

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	2025	2024
Level 2		
Held in Trust Fund		
Financial Assets at AC	₱42,340,887,608	₱54,890,640,968
Financial Assets at FVOCI	47,921,303,724	19,153,898,819
Not Held in Trust Fund		
Financial Assets at AC	1,568,814,936	1,649,138,176
Financial Assets at FVOCI	2,205,017,896	2,240,336,105
Other Reserve Fund		
Financial Assets at AC	1,720,116,685	1,799,444,721
Financial Assets at FVOCI	658,396,937	312,953,943
	₱96,414,537,786	₱80,046,412,732
	2025	2024
Level 3		
Held in Trust Fund		
Investment Properties	₱401,439,158	₱385,645,958
Not Held in Trust Fund		
Investment Properties	80,325,000	80,325,000
Property and Equipment-Land	413,250,000	413,250,000
	₱895,014,158	₱879,220,958

Financial Risk

The main purpose of the Company's financial instruments is to fund its operations and meet the financial obligations to its planholders. The Company is exposed to financial risk through its financial assets, financial liabilities and pre-need liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its pre-need contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

To mitigate these risks and to assure the planholders of the adequacy of the funds to meet maturing obligations, the pre-need trust funds are managed by trustee banks, as required by the IC. Investing activities of trustee banks are guided by the investment regulations of the IC. On a regular basis, the trustee banks report their fund performance and recommended investment strategies to the Investment Committee. The Investment Committee approves investment strategies that are consistent with the internal guidelines and policies of the Company.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company manages the level of credit risk it accepts through a comprehensive group credit risk policy by setting out the assessment and determination of what constitutes credit risk for the Company; providing guidelines on obtaining collateral and guarantees; reporting of credit risk exposures and breaches to the monitoring authority; monitoring

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compliance with credit risk policy and reviewing credit risk policy for pertinence and changing environment.

In respect of investment securities, the Company makes use of institutions with high credit worthiness. The Company sets the maximum amounts and limits that may be advanced to/placed with individual corporate counterparties which are set by reference to their long-term ratings.

Credit risk exposure in respect of all other counterparties is managed by setting standard business terms that are required to be met by all counterparties. Deductions from agents' commissions and other cash incentives are made to establish bond reserves. The credit risk in respect to customer balances, incurred on nonpayment of premiums or contributions will only persist during the grace period specified in the plan contract on the expiry of which the policy is either paid up or terminated.

The Company did not have any significant concentration of credit risk with a single counterparty or group of counterparties and industry segments.

As of December 31, 2025, and 2024, the analysis of debt instruments financial assets follows:

	2025			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cash & Cash Equivalents	₱1,498,769,749	₱-	₱-	₱1,498,769,749
Financial Assets	3,814,315,405	-	-	3,814,315,405
Other Reserves Fund	2,417,028,556	-	-	2,417,028,556
Investment in Trust Fund	92,108,311,689	-	-	92,108,311,689
Other Assets (Rental Deposits)	9,196,102	-	-	9,196,102
	₱99,847,621,501	₱-	₱-	₱99,847,621,501

	2024			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cash & Cash Equivalents	₱1,694,156,442	₱-	₱-	₱1,694,156,442
Financial Assets	3,934,471,879	-	-	3,934,471,879
Other Reserves Fund	2,202,615,711	-	-	2,202,615,711
Investment in Trust Fund	77,366,398,361	-	-	77,366,398,361
Other Assets (Rental Deposits)	9,613,055	-	-	9,613,055
	₱85,207,255,448	₱-	₱-	₱85,207,255,448

Liquidity Risk

Liquidity or funding risk is the risk associated with the difficulty of selling financial assets in a timely manner at their fair value to meet obligations.

The Company manages liquidity by setting up trust funds, separate and distinct from its paid-up capital established with trustees under trust agreement approved by the Insurance Commission (IC), to pay for the planholders' benefits as provided in the Pre-need plan. The Company also specifies the minimum portion of funds to meet the portfolio

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mix requirement imposed by the IC with an objective to meet the short-term and long-term financial commitments.

The maturity profile of the Company's financial liabilities as of December 31, 2025 and 2024 based on contractual undiscounted payments follows:

	2025			Total
	Less than 3 months	3 to 6 months	Over 6 months	
Accounts Payable and Accrued Expenses				
Accounts Payable	₱13,728,442	₱-	₱-	₱13,728,442
Accrued Expenses	298,661,392	-	-	298,661,392
Insurance Premium Payable	153,989,230	-	-	153,989,230
Lease Liabilities	8,017,374	24,052,122	71,992,061	104,061,557
Other Liabilities				
Counselors Bond Reserve		-	299,097,816	299,097,816
	₱474,396,438	₱24,052,122	₱371,089,877	₱869,538,437
	2024			Total
	Less than 3 months	3 to 6 months	Over 6 months	
Accounts Payable and Accrued Expenses				
Accounts Payable	₱40,861,048	₱-	₱-	₱40,861,048
Accrued Expenses	237,762,987	-	-	237,762,987
Insurance Premium Payable	91,092,396	-	-	91,092,396
Lease Liabilities	4,855,625	10,925,155	117,226,158	133,006,938
Other Liabilities				
Counselors Bond Reserve	-	-	331,228,862	331,228,862
	₱374,572,056	₱10,925,155	₱448,455,020	₱833,952,231

Market and Investment Risk

Market and investment risks are the risks arising from the possible decline in the value of acquired assets and investments in equities and debt instruments.

The following policies and procedures are in the place to mitigate the Company's exposure to market risk:

- The trustee bank take positions in debt and other fixed income securities. The trustee bank's risk management activities are aimed at optimizing interest income, managing duration and portfolio positions and facilitate strategy formulation.
- A market risk policy setting out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to top management. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Asset allocation and portfolio limit structure to ensure that assets back specific planholders liabilities and those assets are held to deliver income and gains for planholders which are in line with expectations of the planholders.
- Stipulated diversification benchmark by type of instruments

Cash and cash equivalents and Financial Assets – equity securities are used for the Company's liquidity requirements. Please refer to the terms and maturity profile of these financial assets under the maturity profile section.

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Interest Rate Risk

Interest rate risk is the risk that the value of financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate investments and receivables in particular are exposed to such risk.

To the extent possible, the Company established matching policy for each portfolio of assets and associated liabilities to keep potential losses within acceptable limits. Thus, the exposure to interest rate risk is minimal.

The Company's market risk policy requires it to manage such risk by setting and monitoring objectives and constraints on investments; diversification plan; and careful and planned use of financial instruments in order to maximize returns.

The following table shows the information relating to the financial assets that are exposed to fair value interest rate risk and presented by maturity profile:

As at December 31, 2025

Held in Trust Funds

	Range of Interest Rates	Up to a year	1-3 years	3-5 years	Over 5 years	Total
Cash and Cash Equivalents	0.00-5.10%	₱601,820,874	₱-	₱-	₱-	₱601,820,874
Financial Assets:						
Financial Assets at FVOCI	3.38-9.25%	1,763,341,724	1,843,004,308	7,935,639,800	36,379,317,892	47,921,303,724
Financial Assets at AC	2.88-11.25%	2,595,998,103	15,004,748,974	6,529,895,936	18,210,244,595	42,340,887,608
Loans and Receivables		1,244,299,483	-	-	-	1,244,299,483
		₱6,205,460,184	₱16,847,753,282	₱14,465,535,736	₱54,589,562,487	₱92,108,311,689

Not Held in Trust Funds

	Range of Interest Rates	Up to a year	1-3 years	3-5 years	Over 5 years	Total
Cash and Cash Equivalents	0.00-0.06%	₱456,428	₱-	₱-	₱-	₱456,428
Financial Assets:						
Financial Assets at FVOCI	4.20-8.00%	77,765,396	39,476,281	1,005,689,383	1,082,086,836	2,205,017,896
Financial Assets at AC	3.60-9.25%	81,316,141	461,409,419	277,112,875	748,976,501	1,568,814,936
Loans and Receivables		40,026,145	-	-	-	40,026,145
		₱199,564,110	₱500,885,700	₱1,282,802,258	₱1,831,063,337	₱3,814,315,405

Held in Other Reserves Fund

	Range of Interest Rates	Up to a year	1-3 years	3-5 years	Over 5 years	Total
Cash and Cash Equivalents	0.00-6.25%	₱10,152,272	₱-	₱-	₱-	₱10,152,272
Financial Assets:						
Financial Assets at FVOCI	3.38-8.13%	31,138,533	81,157,968	211,765,555	334,334,881	658,396,937
Financial Assets at AC	3.50-9.25%	96,723,839	403,345,382	128,008,795	1,092,038,669	1,720,116,685
Loans and Receivables		28,362,662	-	-	-	28,362,662
		₱166,377,306	₱484,503,350	₱339,774,350	₱1,426,373,550	₱2,417,028,556

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As at December 31, 2024

Held in Trust Funds

	Range of Interest Rates	Up to a year	1-3 years	3-5 years	Over 5 years	Total
Cash and Cash Equivalents	0.15-6.38%	₱2,182,983,537	₱-	₱-	₱-	₱2,182,983,537
Financial Assets:						
Financial Assets at FVOCI	2.63-9.25%	754,233,359	2,855,732,433	2,126,133,476	13,417,799,551	19,153,898,819
Financial Assets at AC	2.63-18.25%	2,587,436,312	15,095,606,199	12,543,774,657	24,663,823,800	54,890,640,968
Loans and Receivables		1,138,875,037	-	-	-	1,138,875,037
		₱6,663,528,245	₱17,951,338,632	₱14,669,908,133	₱38,081,623,351	₱77,366,398,361

Not Held in Trust Funds

	Range of Interest Rates	Up to a year	1-3 years	3-5 years	Over 5 years	Total
Cash and Cash Equivalents	-	₱3,551,426	₱-	₱-	₱-	₱3,551,426
Financial Assets:						
Financial Assets at FVOCI	2.63-8.00%	41,184,069	116,219,420	615,828,566	1,467,104,050	2,240,336,105
Financial Assets at AC	-	32,872,990	453,857,181	478,147,360	684,260,645	1,649,138,176
Loans and Receivables		41,446,172	-	-	-	41,446,172
		₱119,054,657	₱570,076,601	₱1,093,975,926	₱2,151,364,695	₱3,934,471,879

Held in Other Reserves Fund

	Range of Interest Rates	Up to a year	1-3 years	3-5 years	Over 5 years	Total
Cash and Cash Equivalents	0.06-6.25%	₱61,161,814	₱-	₱-	₱-	₱61,161,814
Financial Assets:						
Financial Assets at FVOCI	2.63-8.35%	11,649,835	61,525,220	91,847,951	147,930,937	312,953,943
Financial Assets at AC	3.30-9.25%	198,022,316	454,005,789	199,432,734	947,983,882	1,799,444,721
Loans and Receivables		29,055,233	-	-	-	29,055,233
		₱299,889,198	₱515,531,009	₱291,280,685	₱1,095,914,819	₱2,202,615,711

The other financial instruments of the Company that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

The analysis below is performed for reasonably possible movement of the interest rates with all other variables held constant, showing the impact on equity.

Change in Yield Rate	Impact on Equity Increase (Decrease)	
	2025	2024
+1%	68,997,901	66,819,692
-1%	(68,997,901)	(66,819,692)

6. CASH AND CASH EQUIVALENTS

This account consists of:

	2025	2024
Revolving Funds	₱5,477,000	₱4,586,300
Cash in Banks	863,292,749	1,289,570,142
Short-Term Deposits	630,000,000	400,000,000
	₱1,498,769,749	₱1,694,156,442

Cash in banks earn interest at the prevailing bank deposits rates.

Short-term deposits are made for varying periods up to three (3) months or less, depending on the immediate cash requirements of the Company, and earn interest at the prevailing short-term rates that ranged from 0.50% to 5.90% and 0.06% to 6.35% in 2025 and 2024, respectively.

Interest income earned on cash in banks and short-term deposits amounted to ₱34,034,414 and ₱33,870,654 in 2025 and 2024, respectively.

7. FINANCIAL ASSETS

The Company's financial assets are under the Investment Management Account (IMA) and Company's Managed Fund with fixed maturity terms with balance amounting to ₱4,667,551,385 and ₱5,144,931,231 as of December 31, 2025 and 2024, respectively.

	2025	2024
Cash and Cash Equivalents	₱456,428	₱3,551,426
Loans and Receivables		
Dividends Receivable	307,667	587,929
Others	39,718,478	40,858,243
Financial Assets		
Financial Assets at FVTPL	854,225,417	1,211,514,522
Financial Assets at FVOCI	2,205,017,896	2,240,336,105
Financial Assets at AC	1,568,814,936	1,649,138,176
	₱4,668,540,822	₱5,145,986,401
Less: Financial Liabilities		
Accrued Expenses and Other Liabilities	989,437	1,055,170
	₱4,667,551,385	₱5,144,931,231

The roll forward of Financial Assets not held in trust fund follows:

	2025	2024
Balance at January 1	₱5,144,931,231	₱4,728,639,877
Additions (Deductions)	(761,130,630)	83,412,149
Gain/(Loss) on Change in Fair Value	(26,019,781)	25,920,256
Net Income/(Loss) - (net of Final Tax)	309,770,565	306,958,949
Balance at December 31	₱4,667,551,385	₱5,144,931,231

The following table shows the roll forward analysis of Revaluation Reserve from Financial Assets not held in trust fund:

	2025	2024
Balance at January 1	₱23,378,523	₱(2,541,734)
Changes in fair value of Financial		
Asset during the year	(26,019,781)	25,920,257
Transfer to Profit or Loss	-	-
Balance at December 31	₱(2,641,258)	₱23,378,523

8. INVESTMENTS IN TRUST FUNDS

The Company has trust funds which are being administered by eight (8) local banks under trust agreements for the fulfillment of the Company's obligations under its pre-need plan agreements. In compliance with Chapter VIII, Section 30 of the Pre-need Code and in accordance with the terms of the trust agreements, no withdrawal shall be made from the trust funds except to: (a) pay all costs, expenses and charges incurred in connection with the administration, preservation, maintenance and protection of the fund or any part thereof, needed for the payment of plan benefits; (b) settle, compromise or abandon all claims and demands in favor of or against the fund, with the prior written consent of the Company; (c) pay/settle termination value payable to planholders and (d) contributions to the trust funds of cancelled plans.

As mandated by the Insurance Commission, an actuarial valuation of the adequacy of the trust funds shall be submitted to the IC within one hundred twenty (120) days after the end of every fiscal year of the Company. Any discrepancy in the funds shall be funded within thirty (30) days after receipt of notice of deficiency from the Insurance Commission.

Annual actuarial valuations of the pre-need contractual commitments are based on the computation prescribed by the Commission. The Company had not experienced any deficiency ever since the PNUCA was formulated.

Based on the actuarial certification issued by an independent accredited actuary, the required pre-need reserve or required balance of the trust funds as of December 31, 2025 and 2024 is ₱107,942,482,717 and ₱99,187,919,668, respectively. The Company has trust funds balance of ₱124,631,036,586 and ₱109,860,190,377 in 2025 and 2024, respectively, to back up its PNR. Total contributions to the trust funds amounted to ₱11,757,216,241 and ₱11,471,809,065 in 2025 and 2024, respectively (*see Note 24*).

The details of the Company's investment in trust funds per trust fund statements from the trustee banks as of December 31, 2025 and 2024 are as follows.

	2025	2024
ASSETS		
Cash and Cash Equivalents	₱601,820,874	₱2,182,983,537
Financial Assets		
Financial Asset at FVTPL	32,248,462,578	32,541,468,518
Financial Asset at FVOCI	47,921,303,724	19,153,898,819
Financial Assets at AC	42,340,887,608	54,890,640,968
Receivables	1,244,299,483	1,138,875,037
	₱124,356,774,267	₱109,907,866,879
Investment Properties	401,439,158	385,645,958
	₱124,758,213,425	₱110,293,512,837
LESS: LIABILITIES	127,176,839	433,322,460
	₱124,631,036,586	₱109,860,190,377

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	2025	2024
EQUITY		
Fund Balance, Beginning of Year	₱109,838,684,408	₱95,913,113,597
Contributions (Note 24)	11,757,216,241	11,471,809,065
Withdrawals	(3,397,746,108)	(3,789,637,303)
Trust Fund Income	6,418,582,605	6,243,399,049
Fund Balance, End of Year	₱124,616,737,146	₱109,838,684,408
Revaluation Reserve from Financial Assets	14,299,440	21,505,969
	₱124,631,036,586	₱109,860,190,377

Financial Assets Held in Trust Funds

The assets included in each of the categories above are detailed below:

a) Cash and Cash Equivalents

The breakdown of cash and cash equivalents follows:

	2025	2024
Cash in Bank	₱44,294,743	₱35,479,542
Special Savings Deposits	212,226,698	145,500,000
Time Deposits	345,299,433	2,002,003,995
	₱601,820,874	₱2,182,983,537

Cash and cash equivalents earn interest ranging from 0.00% to 5.10% and 0.15% to 6.38% in 2025 and 2024, respectively.

Interest income earned on cash and cash equivalents amounted to ₱46,912,465 and ₱33,380,465 in 2025 and 2024, respectively.

b) Financial Assets

Financial Assets at FVTPL

	2025	2024
Equity Securities –Listed Shares	₱29,601,412,045	₱29,658,946,399
Units in Mutual Funds and UITF	2,647,050,533	2,882,522,119
	₱32,248,462,578	₱32,541,468,518

Financial Assets at FVOCI

	2025	2024
Debt Securities	₱47,920,838,665	19,152,861,054
Less: Allowance for Credit Losses	465,059	1,037,765
	₱47,921,303,724	19,153,898,819

The net unrealized gains (losses) in respect of financial assets transferred to other comprehensive income amounted to ₱(7,311,886) and ₱118,130,878 as of December 31, 2025 and 2024, respectively.

Investment in government debt securities mainly represent fixed rate government treasury bonds with annual interest rates ranging from 2.88% to 11.25% and 2.63% to 18.25% in 2025 and 2024, respectively.

c) Receivables

This account consists only of interest receivables mostly from risk-free government securities amounting to ₱1,244,299,483 and ₱1,138,875,037 as of December 31, 2025 and 2024, respectively.

d) Investment Properties

	Land	Building	Total
Cost			
Balance at January 1, 2025	₱161,104,896	₱-	₱161,104,896
Addition	-	-	-
Balance At December 31, 2025	161,104,896	-	161,104,896
Valuation Adjustments			
Balance at January 1, 2025	224,541,062	-	224,541,062
Adjustment	15,793,200	-	15,793,200
Balance At December 31, 2025	240,334,262	-	240,334,262
Carrying Value	₱401,439,158	₱-	₱401,439,158

The recording of the revaluation gain/loss was in accordance with the standard/limit set by the Commission (Pre-need Code (RA 9829) Section 34) under Investment of the Trust Fund letter (c) Real Estate which states that, "in case the appraisal would result in an increase of the value, only sixty percent (60%) of the appraisal increase is allowed to be recorded but in case of decline in value, the entire decline shall be recorded."

Pursuant to Sections 36 of Republic Act No. 9829, otherwise known as the Pre-Need Code of the Philippines, the IC issued Guidelines to Pre-need Corporations and entities authorized to engage in trust operations to govern the management and administration of Trust funds established for the payment of pre-need benefits under plan contracts, and to provide an updated and more flexible choice of investments for the trust fund, subject to the rules and regulations that would ensure prudent investment management and protection of the interest of the planholders.

The more significant provisions relating to Investments in Trust Funds follow:

- i Investments in trust funds shall be limited to fixed income instruments, mutual funds, equities and real estate;
- ii Fixed income instruments shall include:
 - i Government securities which shall not be less than 10% of the trust equity;
 - ii Savings/time deposits and common trust fund with a commercial bank with satisfactory examination rating as of the last examination by the Bangko Sentral ng Pilipinas;
 - iii Commercial papers duly registered with the SEC with a minimum credit rating of "1" for short-term and "AAA" for long-term commercial papers, based on the rating scale of an accredited Philippine rating agency or its equivalent at the time

of investment. The maximum exposure of long-term commercial papers shall not exceed 15% of the total trust fund equity, while exposure to each commercial paper issuer shall not exceed 10% of the allocated amount;

- iv Direct loans to corporations that are financially stable, profitable for the last three (3) years and have a good track of paying previous loans from the trust fund. These loans shall be fully secured by a real estate mortgage of up to 60% of the appraised value of the property, at the time the loan was granted. The maximum amount to be allocated for direct loans shall not exceed 5% of the total trust fund, while the amount to be granted to each corporate borrower shall not exceed 10% of the amount allocated and the maximum term shall be three (3) years;

Investment in equities shall be limited to stocks listed in the main board of the Philippine Stock Exchange. These 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. The amount 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.

- iii Real estate shall include properties located in strategic areas of cities and first-class municipalities and shall be appraised every three (3) years by a licensed real estate appraiser duly accredited by the Philippine Association of Real Estate Appraisers, to reflect the increase or decrease in the value of the property. In case of appraisal, 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 value of the decline is recorded. The total recorded value of the real estate investment shall not exceed 15% of the total trust fund equity.
- iv Not less than 15% of the net value of the trust fund assets per type of plan shall be set aside as a liquidity reserve to cover the benefits due to planholders; and
- v The Commission may, at its discretion, demand for the conversion to cash or to other near cash assets of the investments made by the trustee to protect the interest of the planholders.

The Company has consistently complied with the Insurance Commission's (IC) implementing guidelines of the New Pre-Need Code on Investments in Trust Funds.

9. OTHER RESERVES FUND

Other Reserves Fund pertains to Insurance Premium Fund which consists of:

	2025	2024
Cash in Banks	₱10,152,272	₱61,161,814
Financial Assets	2,932,058,348	2,623,508,971
Loans and Other Receivables	28,362,662	29,055,233
	₱2,970,573,282	₱2,713,726,018
Less: Liabilities	1,146,685	4,038,876
	₱2,969,426,597	₱2,709,687,142

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The roll forward of account follows:

	2025	2024
Balance at January 1	₱2,709,687,142	₱2,371,730,077
Additional Contribution	120,000,000	240,000,000
	₱2,829,687,142	₱2,611,730,077
Changes in fair value of Financial		
Assets during the year	5,662,504	216,530
Net Income (net of Final Tax)	134,076,951	97,740,535
Balance at December 31	₱2,969,426,597	₱2,709,687,142

Cash in Banks

Cash in Banks represent demand, savings and time deposits with interest rates ranging from 0.00% to 6.25% and 0.06% to 6.25% per annum in 2025 and 2024, respectively.

Financial Assets

Financial Assets consist of:

	2025	2024
Financial Asset at FVTPL	₱553,544,726	₱511,110,307
Financial Asset at FVOCI	658,396,937	312,953,943
Financial Asset at AC	1,720,116,685	1,799,444,721
	₱2,932,058,348	₱2,623,508,971

The following table shows the roll forward analysis of “Revaluation Reserves from Financial Assets” on other reserves Fund:

	2025	2024
Balance at January 1	₱(4,523,407)	₱(4,739,937)
Gain/ (Loss) on Change in Fair Value	5,662,504	216,530
Balance at December 31	₱1,139,097	₱(4,523,407)

Loans and Receivables

Loans and receivables pertain to investment in unquoted debt securities classified as loans, accrued interest income and dividends receivables.

10. PREPAYMENTS AND OFFICE SUPPLIES

This account consists of:

	2025	2024
Office Supplies	₱11,810,714	₱7,772,256
Prepayments on Rental & Other Assets	30,759,054	8,595,061
	₱42,569,768	₱16,367,317

11. INVESTMENTS IN SUBSIDIARIES

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

	Percentage of Ownership	Acquisition Cost		2025 Carrying Value
		December 31, 2024	Additions	December 31, 2025
Spring of Life Memorial Park Dev't. Corp.	99.99%	₱687,446,900	₱50,000,000	₱737,446,900
New Frontier Memorial Chapel Dev't. Corp.	99.99%	2,599,468,100	1,119,847,000	3,719,315,100
		₱3,286,915,000	₱1,169,847,000	₱4,456,762,000

	Percentage of Ownership	Acquisition Cost		2024 Carrying Value
		December 31, 2023	Additions	December 31, 2024
Spring of Life Memorial Park Dev't. Corp.	99.99%	₱324,975,700	₱362,471,200	₱687,446,900
New Frontier Memorial Chapel Dev't. Corp.	99.99%	2,599,468,100	-	2,599,468,100
		₱2,924,443,800	₱362,471,200	₱3,286,915,000

On December 8, 2015, the Company invested 99.99% equity interest in Spring of Life Memorial Park Dev't. Corp. (SLMPDC) and New Frontier Memorial Chapel Dev't. Corp. (NFMCDC), both incorporated in the Philippines. Spring of Life Memorial Park Dev't Corp. primarily engaged in operating, managing and developing memorial parks, cemeteries and columbaria, while New Frontier Memorial Chapel Dev't. Corp. is on operating and maintaining real estate for funeral parlors purposes, funeral chapels, mortuaries, and crematoria.

The Company subscribed and paid additional shares of SLMPDC and NFMCDC amounting to ₱1,169,847,000 and ₱362,471,200 in 2025 and 2024, respectively.

The summarized financial statements of the Subsidiaries are provided below:

	2025		2024	
	SLMPDC	NFMCDC	SLMPDC	NFMCDC
Statements of Financial Position				
Total Assets	736,337,196	₱4,020,652,304	₱684,133,508	₱2,868,785,913
Total Liabilities	2,676,186	14,688,581	53,013	1,544,377
Total Equity	733,661,010	4,005,963,723	684,080,495	2,867,241,536
Statements of Comprehensive Income				
Revenue	8,543,495	50,011,022	2,421,720	16,738,603
Expenses	8,702,639	(36,648,215)	(7,443,826)	(14,172,936)
Net Income	(419,485)	18,722,187	(3,276,119)	2,420,712

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12. PROPERTY AND EQUIPMENT, NET

The roll forward analysis of the property and equipment carried at cost, except for land which is measured at revalued amount is as follows:

2025	Land	Building	Furniture & Fixtures	Office Equipment	Transportation Equipment	Leasehold and Building Improvement	Total
Cost							
January 1	₱413,250,000	₱306,241,264	₱30,631,597	₱198,091,288	₱117,238,724	₱6,083,994	₱1,071,536,867
Acquisitions	-	-	15,883,426	13,068,873	4,640,179	-	33,592,478
December 31	413,250,000	306,241,264	46,515,023	211,160,161	121,878,903	6,083,994	1,105,129,345
Accumulated Depreciation and Amortization							
January 1	₱-	₱99,455,874	₱28,578,302	₱165,900,258	₱78,308,418	₱2,142,437	₱374,385,289
Depreciation	-	15,312,064	2,608,207	19,870,260	16,441,233	1,732,425	55,964,189
December 31	-	114,767,938	31,186,509	185,770,518	94,749,651	3,874,862	430,349,478
Net Book Value At December 31, 2025	413,250,000	191,473,326	15,328,514	25,389,643	27,129,252	2,209,132	674,779,867

2024	Land	Building	Furniture & Fixtures	Office Equipment	Transportation Equipment	Leasehold and Building Improvement	Total
Cost							
January 1	₱297,250,000	₱306,241,264	₱28,874,327	₱175,840,753	₱109,005,622	₱2,438,769	₱919,650,735
Acquisitions	-	-	1,757,270	22,250,535	8,233,102	3,645,225	35,886,132
Revaluation Reserve	116,000,000	-	-	-	-	-	116,000,000
December 31	₱413,250,000	₱306,241,264	₱30,631,597	₱198,091,288	₱117,238,724	₱6,083,994	₱1,071,536,867
Accumulated Depreciation and Amortization							
January 1	₱-	₱84,143,811	₱27,706,062	₱141,066,739	₱63,975,625	₱929,832	₱317,822,069
Depreciation	-	15,312,063	872,240	24,833,519	14,332,793	1,212,605	56,563,220
December 31	₱-	₱99,455,874	₱28,578,302	₱165,900,258	₱78,308,418	₱2,142,437	₱374,385,289
Net Book Value At December 31, 2024	₱413,250,000	₱206,785,390	₱2,053,295	₱32,191,030	₱38,930,306	₱3,941,557	₱697,151,578

Depreciation and amortization expense charged to general and administrative expense amounted to ₱55,964,189 and ₱56,563,220 in 2025 and 2024, respectively.

Movement of land is as follows:

	2025	2024
Cost		
Balance at January 1	₱160,714,286	₱160,714,286
Addition	-	-
Balance at December 31	160,714,286	160,714,286
Valuation Adjustments		
Balance at January 1	252,535,714	136,535,714
Adjustment	-	116,000,000
Balance at December 31	252,535,714	252,535,714
Carrying Value	₱413,250,000	₱413,250,000

The Company conducts an appraisal on land once every three years.

Management has reviewed the carrying values of property and equipment as of December 31, 2025 for any indicators of impairment. Based on its evaluation, there were no indications that the assets are impaired.

13. INVESTMENT PROPERTIES

Investment Properties are composed of the following:

	TCT No.	Acquisition Cost	Amount at Fair Value
Marilao, Bulacan	T-481221	₱18,100,000	₱70,613,000
San Pascual, Batangas	T-83919	1,279,000	9,712,000
Total		₱19,379,000	₱80,325,000

Movement of Investment Properties is as follows:

	2025	2024
Balance at January 1	₱80,325,000	₱51,342,000
Additions/Disposal	-	-
Gain on Change in Fair Value	-	28,983,000
Balance at December 31	₱ 80,325,000	₱80,325,000

The fair value of investment properties for the years ended December 31, 2025 and 2024 is based from the latest appraisal report by an independent appraiser dated April 3 and 4, 2024. The Company conducts an appraisal every other year.

Rental income earned from investment properties amounted to ₱431,456 and ₱410,911 in 2025 and 2024, respectively, and is included under Other Income – Miscellaneous Income account (*See Note 23*).

Real property taxes paid on the investment properties amounted to ₱16,731 in 2025 and ₱16,731 in 2024 are included under general and administrative expenses - taxes and licenses.

14. OTHER ASSETS

This account consists of:

	2025	2024
Rental Deposit	₱9,196,102	₱9,613,055

Rental Deposit pertains to security payment for the lease on the Company's branch offices.

15. ACCRUED EXPENSES AND OTHER LIABILITIES

This account consists of:

	2025	2024
Accounts Payable and Accrued Expenses	₱312,389,834	₱278,624,036
Taxes Payable	449,119,790	382,498,082
Other Current Liabilities	160,279,205	96,496,992
	₱921,788,829	₱757,619,110

Accounts Payable represent liabilities of the Company on the conduct of trade and business, mainly for purchase made on credit. These are non-interest-bearing and are generally settled in less than sixty (60) days' term.

Accrued Expenses are noninterest bearing and are generally settled upon receipt of actual billings. Withholding taxes payable and output vat are generally settled in less than thirty (30) days' term.

Taxes Payables includes taxes withheld from compensation of employees and other taxes including Output Value Added Tax (VAT).

Other Current Liabilities comprise mainly of insurance premium payable and SSS/PHIC/HDMF payables which are generally settled in less than thirty (30) days' term.

16. PRE-NEED RESERVES (PNR)

Under Pre-Need Rule 31, as amended, the requirements of PFRS 4 shall be complied with in determining the reserves for life plans. The Modified Net Premium Reserving Method was used in determining the pre-need reserves. The reserves were determined using a discount rate of 6% per annum in 2025 and 2024.

Details are as follows:

Traditional Life Plans	2025	2024
In-Force Plans	₱105,818,909,181	₱96,982,379,260
Lapsed	2,123,573,536	2,205,540,408
Total	₱107,942,482,717	₱99,187,919,668

The carrying value of PNR as of December 31, 2025 and 2024 amounted to ₱107,942,482,717 and ₱99,187,919,668, respectively, which resulted to an increase in PNR of ₱8,754,563,049.

Increase in PNR for the years ended December 31 consists of the following:

Traditional Life Plans	2025	2024
In Force Plans	₱8,836,529,921	₱9,936,895,682
Lapsed	(81,966,872)	158,714,210
Total	₱8,754,563,049	₱10,095,609,892

Plan Benefit payments for the years ended December 31 are broken down as follows:

	2025	2024
Mortuary Cost	₱2,073,454,840	₱1,882,776,350
Plan Termination Benefits	1,308,549,440	1,906,860,953
Total	₱3,382,004,280	₱3,789,637,303

The Company no longer use lapse and withdrawal rates in line with the Insurance Commission's requirement. No other decrement, other than utilization rate, was used after payment period of the plan.

Insurance Premium Reserves (IPR) was likewise set-up for the cost of purchasing the insurance benefits after payment period. The same discount rate of 6% was likewise used to arrive at the IPR (see Note 3,17).

The actuarial formula, methods and assumptions used for the valuation are based on generally accepted actuarial principles and practice.

17. OTHER RESERVES

This account consists of Insurance Premium Reserve amounting to ₱2,229,882,496 and ₱2,140,948,351 as of December 31, 2025 and 2024, respectively.

The Insurance Premium Reserve represents reserve for fully paid plans that are still covered by cash assistance benefit.

Increase in Insurance Premium Reserve amounted to ₱88,934,145 and ₱212,541,474 as of December 31, 2025 and 2024, respectively.

18. OTHER LIABILITIES

This pertains to Counselors' bond reserves which represent the aggregate amount of deductions from agents' commissions to accumulate a reserve. Upon separation of an agent from the Company, his accountability will be charged to this reserve. The balance as of December 31, 2025 and 2024 amounted to ₱299,097,816 and ₱331,228,862, respectively.

Movement of Other Liabilities is as follows:

	2025	2024
Balance at January 1	₱331,228,862	₱310,426,537
Additions	48,112,027	42,512,500
Payments and Adjustments	(80,243,073)	(21,710,175)
Balance at December 31	₱299,097,816	₱331,228,862

19. EQUITY

Capital Stock

	Number of Shares		Amount	
	2025	2024	2025	2024
Authorized Capital Stock	30,000,000	30,000,000	₱3,000,000,000	₱3,000,000,000
- ₱100 par value				
Outstanding Shares				
Outstanding Shares at January 1	13,600,000	13,600,000	₱1,360,000,000	₱1,360,000,000
Issuance/Reacquisition	-	-	-	-
Outstanding Shares, December 31	13,600,000	13,600,000	₱1,360,000,000	₱1,360,000,000

As of December 31, 2025, the Company has nine (9) stockholders owning 100 or more shares each of the Company's capital stock.

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Retained Earnings

The cumulative balance of retained earnings as of December 31, 2025 and 2024 are as follows:

	2025	2024
Retained Earnings – Trust Fund	₱22,129,606,561	₱16,310,660,253
Retained Earnings	4,058,451,603	3,235,197,670
	₱26,188,058,164	₱19,545,857,923

At a meeting of the Board held on April 21, 2025, the Board approved the distribution of a cash dividend to stockholders of record as of April 21, 2025 from the unrestricted retained earnings available for cash dividends amounting to ₱1,360,000,000. The Company paid the dividends on June 25, 2025 and September 5, 2025.

20. PREMIUM REVENUE

This account consists of:

	2025	2024
Realized Gross Income	₱10,842,205,934	₱10,133,796,199
Trust Fund Contribution (VAT Exempt)	11,954,926,752	11,427,676,286
	₱22,797,132,686	₱21,561,472,485

21. TRUST FUND INCOME

This account consists of:

	2025	2024
Income on:		
Government Securities/Other Securities and Debt Instruments	₱6,038,396,694	₱3,700,598,224
Cash and Cash Equivalents	46,912,465	63,157,758
Dividend Income	1,459,781,192	1,372,225,155
Realized Equity Securities Gains (Losses)	(448,890,200)	1,695,782,901
Trust Fees and Other Investment Expenses	(677,617,546)	(588,364,989)
	₱6,418,582,605	₱6,243,399,049

Trust Fees and Other Investment Expenses pertains to the amount paid to the trustee banks as compensation for their services and other expenses and charges incurred in connection with the administration, preservation, maintenance and protection of the fund.

22. INVESTMENTS INCOME

Details of this account follows:

	2025	2024
Income on:		
Government Securities/Other Securities and Debt Instruments	₱260,127,341	313,045,765
Cash and Cash Equivalents	73,924,694	42,852,251
Dividend Income	94,573,833	69,152,109
Realized Equity Securities Losses	62,206,214	42,647,354
Trust Fees and Other Investment Expenses	(12,950,152)	(29,127,341)
	₱477,881,930	438,570,138

23. OTHER INCOME

This account consists of:

	2025	2024
Handling and Other Fees	₱1,211,454,044	₱1,150,053,100
Miscellaneous Income	84,127,509	43,159,476
	₱1,295,581,553	₱1,193,212,576

Handling and Other Fees pertains to service charges to a planholder to cover for the plan administration services, surrenders and other contract fees.

Miscellaneous Income consists mainly of rental fee, fair value gain on investment properties and other miscellaneous charges.

24. TRUST FUND CONTRIBUTION (VAT Exempt)

The Trust Fund contribution for 2025 and 2024 amounting to ₱11,954,926,752 and ₱11,427,676,285, respectively, are different to the total contributions cited in Note 8 due to the deposits made in 2025 and 2024 to fund the Pre-Need reserve computed on a monthly basis done by the Company.

Reconciliation is as follows:

	2025	2024
Trust fund contribution, per books	₱11,954,926,752	₱11,427,676,285
Trust fund contribution in December 2023 deposited on January 20, 2024	-	1,087,351,297
Trust fund contribution in December 2024 deposited on January 20, 2025	1,043,218,517	(1,043,218,517)
Trust fund contribution in December 2025 deposited on January 20, 2026	(1,240,929,028)	-
Trust Fund Contribution, per bank	₱11,757,216,241	₱11,471,809,065

25. OTHER DIRECT COSTS AND EXPENSES

This account consists of:

	2025	2024
Collection Administration, Recruitment and Training Expenses	₱4,465,838,592	₱4,052,143,497
Direct Marketing Commission and Expenses	3,438,439,448	3,124,233,642
Insurance	873,412,230	785,965,141
	₱8,777,690,270	₱7,962,342,280

26. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

	2025	2024
Salaries, Wages and Employee Benefits	₱792,983,849	₱665,137,103
Taxes and Licenses (Note 34)	143,348,689	176,279,467
Depreciation and Amortization (Note 12, 30)	117,354,286	126,263,740
Light, Water and Communication	77,352,115	85,333,707
Training and Conference	63,931,111	64,770,420
Transportation Expense	59,193,827	43,689,844
Office Supplies	58,980,857	63,336,188
SSS, Philhealth and Pag-ibig	40,460,232	35,369,328
Repairs and Maintenance	30,870,469	27,666,712
Professional and Management Fees	30,306,031	23,551,464
Entertainment and Recreation	7,208,890	7,366,649
Advertising and Promotions	1,697,662	1,222,160
Other General & Administrative Expenses	20,402,035	14,091,530
	₱1,444,090,053	₱1,334,078,312

Other General and Administrative Expenses consist of membership dues, donations and contributions and other miscellaneous small amount expenses of the Company.

27. INCOME TAXES

Income tax expense consist of:

(In Philippine Peso)	2025	2024
Current	₱431,792,602	₱442,468,235
Deferred	6,411,727	12,059,496
Income Tax Expense	₱438,204,329	₱454,527,731

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A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit and loss is as follows:

	2025	2024
Statutory Income tax	₱2,110,101,143	₱1,498,577,975
Tax effect of Permanent Differences		
Trust Fund Income	(1,604,645,651)	(1,560,849,762)
Investment Income/(Loss)	(119,470,483)	(109,642,535)
Other Nontaxable Income/ Nondeductible Expense	52,219,320	626,442,053
Income Tax Expense	₱438,204,329	₱454,527,731

An analysis of net deferred tax asset (liability) to the following as of December 31:

<i>(In Philippine Peso)</i>	2025	2024
Deferred Tax Asset		
Lease Liability	₱26,015,389	₱33,251,734
Deferred Tax Liability		
Net Pension Asset	25,922,490	48,948,716
Right of Use Asset	26,143,687	33,028,550
Fair Value Gain on:		
Investment Properties	15,236,500	15,236,500
Property and Equipment	63,133,928	63,133,928
Deferred Tax Asset/(Liability), Net	₱(104,421,216)	₱(127,095,960)

Movement of deferred tax benefit (expense) presented in Statements of Income and Other Comprehensive Income is as follows:

	Profit or Loss		Other Comprehensive Income	
<i>(In Philippine Peso)</i>	2025	2024	2025	2024
Deferred Tax Benefit (Expense)				
Lease Liability	₱(7,236,345)	₱11,437,673	₱-	₱-
Net Pension Asset	(6,060,244)	(6,805,122)	29,086,472	49,103,241
Right of Use Asset	6,884,862	(9,446,295)	-	-
Fair Value Gain on:				
Investment Properties	-	(7,245,750)	-	-
Property and Equipment	-	-	-	(29,000,000)
	₱(6,411,727)	₱(12,059,496)	₱29,086,472	₱20,103,241

28. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company has transactions with related parties. None of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances were unsecured and are usually settled in cash. Summary of the significant transactions with related parties as at December 31, 2025 and 2024 are as follows:

	Nature of Transactions	Amount of Transactions	
		2025	2024
Related Party			
	Mortuary Services	₱1,615,149,043	₱1,461,063,183
Affiliates	Leases	2,016,000	2,014,500
Stockholders	Dividends	1,360,000,000	816,000,000
Key Management	Compensation	152,517,400	134,621,040

Related party transactions has no outstanding balance as of December 31, 2025 and 2024.

a. Mortuary Services to Related Parties

The Company's transactions with the related parties represent payment of funeral and mortuary services to the following affiliates for the period ended December 31, 2025 and 2024. These transactions bear no interest with credit terms ranging from 15 to 30 days and included as part of plan benefits under increase/ (decrease) in pre-need reserve including trust fund contributions and benefits account in the Statements of Income.

	2025	2024
St. Peterlife Memorial Homes (Luzon), Inc.	₱353,572,376	₱314,951,413
St. Peterlife Memorial Homes (Visayas), Inc.	283,436,802	274,136,668
St. Peterlife Memorial Homes (Mindanao), Inc.	214,590,403	198,033,607
St. Peter Chapels Luzon, Inc.	196,948,516	171,943,954
St. Peter Memorial Chapels, Inc.	134,107,527	115,112,803
St. Peter Chapels Northern Luzon, Inc.	123,009,606	108,079,551
Golden Gate Memorial Chapels Visayas, Inc.	108,430,803	92,999,203
Family Choice Memorial Chapels, Inc.	82,342,183	81,228,037
St. Peter Chapels Southern Luzon Inc.	80,202,577	74,857,580
St. Peter Chapels Mindanao West, Inc.	38,508,250	29,720,367
	₱1,615,149,043	₱1,461,063,183

b. Dividends Declaration

At a meeting of the Board held on April 21, 2025, the Board approved the distribution of cash dividend to stockholders of record as of April 21, 2025 from the unrestricted retained earnings available for cash dividends amounting to ₱1,360 million.

c. Leases

The Company leased out part of its office building to its affiliates and is included under Other Income – Miscellaneous Income account (See Note 30).

d. Compensation of Key Management Personnel

Key management personnel of the Company include all officers with position of vice president and up.

	2025	2024
Salaries and Wages	₱151,396,000	₱133,683,600
Other Benefits	1,121,400	937,440
	₱152,517,400	₱134,621,040

29. POST EMPLOYMENT BENEFITS

The Company has a defined benefit plan, covering substantially all of its regular employees, which requires contribution to be made to administered funds. The regular retirement age is at least 60 with minimum of 5 years of service. The fund is being administered by a Trustee Bank and is authorized to invest the fund as it deems proper. Actuarial valuation is being updated by an independent actuary every year.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at December 31, 2025 by Asian Actuaries, Inc. The present value of the defined benefit obligation, the related current service cost was measured using the projected unit credit method.

The principal actuarial assumptions used in determining pension obligations for the Company's retirement plan are shown below:

	2025	2024
Discount rate	6.68%	6.09%
Rate of salary increase	5.50%	4.50%

The Company applies asset-liability matching techniques to maximize investments returns at the least risk to reduce contribution requirements while maintaining a stable retirement fund. Retirement funds are invested to ensure that liquid funds are available when benefits become due, to minimize losses due to investment pre-terminations and maximize opportunities for higher potential returns at the least risk.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by ₱131,222,118 (increase by ₱153,148,025).
- If the expected salary growth increases (decreases) by 100 basis points, the defined obligation would increase by ₱135,688,653 (decrease by ₱118,829,486).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the Statements of Financial Position.

The following tables summarize the components of defined benefit cost recognized in the Statements of Income and the funded status and amounts recognized in the statement of financial positions for the plan:

Movements in the Present Value of the Defined Benefit Obligation are as follows:

	2025	2024
Defined Benefit Obligation, Beginning	₱1,149,822,164	₱860,945,930
Current Service Cost	70,610,676	49,937,370
Interest Cost	53,362,728	56,684,014
Benefits Paid	(13,954,572)	(10,150,737)
Remeasurement - Actuarial Losses/(Gains) arising from:		
Changes in Financial Assumptions	133,442,533	192,405,587
Defined Benefit Obligation, Ending	₱1,393,283,529	₱1,149,822,164

Movements in the fair value of plan assets are as follows:

	2025	2024
Fair Value of Plan Assets, Beginning	₱1,358,056,057	₱1,225,933,271
Actual Return on Plan Asset	94,700,354	79,897,123
Contributions	126,162,500	62,376,400
Benefits Paid	(13,954,572)	(10,150,737)
Fair Value of Plan Assets, Ending	₱1,564,964,339	₱1,358,056,057

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The details of the fair value of plan assets follow:

	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	₱344,430	₱344,430	₱58,306	₱58,306
Equity investments categorized by industry type:				
- Holding Firms	65,628,073	54,243,006	89,413,335	75,042,983
- Services	23,579,395	32,215,486	15,923,177	15,220,281
- Property	138,581,361	150,020,883	122,107,937	119,660,119
- Industrial	78,560,701	80,255,594	85,680,159	100,567,425
- Financials	100,365,124	105,027,799	137,447,540	147,101,445
- Mining and Oil	-	-	-	-
Subtotal	₱406,714,654	₱421,762,768	₱450,572,148	₱457,592,253
Debt investments categorized by issuer's credit rating:				
- AAA	₱201,273,912	₱201,361,087	₱199,073,911	₱195,338,626
- BA2	-	-	-	-
- not rated	-	-	-	-
Subtotal	₱201,273,912	₱201,361,087	₱199,073,911	₱195,338,626
Government Securities	₱910,444,931	₱925,063,716	₱683,304,383	₱691,980,391
Others				
- Receivables	₱17,662,715	₱17,662,715	₱13,862,199	₱13,862,199
Subtotal	₱17,662,715	₱17,662,715	₱13,862,199	₱13,862,199
Total assets	₱1,536,440,642	₱1,566,194,716	₱1,346,870,947	₱1,358,831,775
Less: Financial Liabilities				
Accrued Expenses and Other Liabilities	₱1,230,377	₱1,230,377	₱775,718	₱775,718
Total Fair Value of Plan Assets	₱1,535,210,265	₱1,564,964,339	₱1,346,095,229	₱1,358,056,057

The plan assets consist of the following:

- Cash and cash equivalents includes regular savings and time deposits;
- Investments in government securities and bonds bear interest ranging from 3% to 7.7% and have maturities ranging from 2013 to 2037;
- Investments in equity securities consist of companies listed in the Philippine Stock Exchange (PSE).
- Other assets include accrued interest income on cash deposits and debt securities held by the Retirement Plan.

Net pension asset recognized in the Statements of Financial Position follows:

	2025	2024
Defined Benefit Obligation, Ending	₱1,393,283,529	₱1,149,822,164
Fair Value of Plan Assets, Ending	1,564,964,339	1,358,056,057
Net Pension (Asset) Liability	₱(171,680,810)	₱(208,233,893)

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Movement in the Net Pension Asset for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Net Pension (Asset) Liability At January 1	₱(208,233,893)	₱(364,987,341)
Defined Benefit Cost	46,369,697	22,716,883
Contributions	(126,162,500)	(62,376,400)
Remeasurement Gain/(Losses)	116,345,886	196,412,965
Net Pension (Asset) Liability At December 31	₱(171,680,810)	₱(208,233,893)

The component of defined benefit cost recognized in profit or loss is as follows:

	2025	2024
Current Service Cost	₱70,610,676	₱49,937,370
Interest Cost on Benefit Obligation	(24,240,979)	(27,220,487)
Defined Benefit Cost	₱46,369,697	₱22,716,883

Recognized in Other Comprehensive Income:

	2025	2024
Remeasurement (Gain) Loss on Plan Asset	₱(17,096,647)	₱4,007,378
Actuarial Loss (Gain) Due to Decrease in Defined Benefit Obligation	133,442,533	192,405,587
Other Comprehensive Loss/(Gain)	₱116,345,886	₱196,412,965

Shown below is the maturity analysis of the undiscounted expected benefits payments:

	2025	2024
Less than a year	₱15,686,541	₱3,353,296
More than 1 year to less than 2 years	645,187	16,508,773
More than 2 year to less than 5 years	179,406,615	56,468,063
More than 5 years	6,626,782,270	4,634,651,905

30. COMMITMENTS AND CONTINGENCIES

a. Lease Commitments

Company as Lessee

The Company has entered into various lease agreements for its sub-office spaces. These leases have remaining lease terms ranging from one to 10 years. Certain leases include a clause to enable upward revision of the annual rental charge ranging from 5% to 10%. Total rental payment for the year 2025 and 2024 amounted to ₱72,110,522 and ₱67,353,777, respectively.

The roll forward analysis of right-of-use assets is follows:

	2025	2024
Cost		
At January 1	₱284,193,281	₱277,261,666
Termination/Write-Off	(12,347,987)	(100,554,092)
Additions	33,850,647	107,485,707
At December 31	₱305,695,941	₱284,193,281
Accumulated Depreciation		
At January 1	₱152,079,080	₱182,932,652
Termination/Write-Off	(12,347,987)	(100,554,092)
Depreciation	61,390,097	69,700,520
At December 31	₱201,121,190	₱152,079,080
Net Book Value	₱104,574,751	₱132,114,201

The following are the amounts recognized in the Statements of Income:

	2025	2024
Depreciation Expense of ROU	₱61,390,097	₱69,700,520
Interest Expense of Lease Liabilities	9,314,494	5,618,759
	₱70,704,591	₱75,319,279

The roll forward analysis of lease liabilities:

	2025	2024
At January 1	₱133,006,938	₱87,256,249
Interest Expense	9,314,494	5,618,759
Additions	33,850,647	107,485,707
Payments	(72,110,522)	(67,353,777)
At December 31	₱104,061,557	₱133,006,938

Shown below is the maturity analysis of the undiscounted lease payments:

	2025	2024
Within One Year	₱41,549,455	₱38,448,241
More than One Year to Five Years	120,049,788	120,884,461
More than Five Years	7,502,172	908,095
	₱169,101,415	₱160,240,797

Company as Lessor

The Company leased out part of its office building to its affiliates. The leases have a term of one year, renewable at the option of the lessees subject to such terms and conditions as may be acceptable to the lessor. Such lease agreement was recognized under the operating lease method. Total earned rental income amounted to ₱2,016,000 and ₱2,014,500 in 2025 and 2024, respectively, and is included under Other Income – Miscellaneous Income account (See Note 23).

b. Contingencies

The Company is contingently liable with respect to possible claims and lawsuits arising in the ordinary conduct of business. Management and its legal counsel believe that the final resolution of claims or lawsuits, if any, will not have a material effect on the Company's financial statements.

31. CAPITAL MANAGEMENT

Governance Framework

The Company's risk management function has developed and implemented certain minimum stress and scenario tests, through cash flow statements, that will serve as a tool in meeting its working capital requirements and mitigate the risk of insolvency to a selected remote level.

The Company has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity and operational risks. It also supports the effective implementation of policies at the overall group and the individual business unit levels.

The policies define the Company's identification of risks and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align strategies to the corporate goals and specify reporting requirements.

Capital Management Framework

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company's capital management is structured to build value for shareholders and satisfy the requirement for future long-term investments. This entails resource allocation to maximize profit. The Company manages its capital structure and makes adjustments to it. The Company may adjust its current policies that satisfy dividend payments, return of capital and issuance of new shares to maintain capital structure.

The Company's risk management function has developed and implemented certain minimum stress and scenario tests for identifying the risks to which each of its business units and the Company as a whole is exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic statement of financial position and revenue account of each business unit, are reported to the Company's risk management function.

No changes were made in the Company's capital management objectives, policies and processes for the years ended December 31, 2025 and 2024, respectively.

Starting 2009, externally imposed capital requirements are set and regulated by the IC. These requirements are put in place to ensure sufficient solvency margins. Chapter III, Section 9 of the Pre-need Code: Paid-up Capital, states that for existing pre-need companies offering a single type of plan, the minimum paid-up capital is ₱50,000,000.

As of December 31, 2025, the Company has complied with the minimum paid-up capital requirement with a total paid-up capital amounting to ₱1,360,000,000.

32. NOTES TO STATEMENTS OF CASH FLOWS

Presented below is changes of the Company's liabilities arising from financing activities.

2025	Lease Liabilities	Dividends Payable	Total
Balance as of January 1, 2025	₱133,006,938	₱-	₱133,006,938
Cash flows from/(to) financing activities			
Lease Payments	(72,110,522)	-	(72,110,522)
Payment of Dividends	-	(1,360,000,000)	(1,360,000,000)
Non-cash Financing Activities			
Dividends Declaration	-	1,360,000,000	1,360,000,000
Additions During the Year	33,850,647	-	33,850,647
Interest – Lease Liability	9,314,494	-	9,314,494
Balance as of December 31, 2025	₱104,061,557	₱-	₱104,061,557

2024	Lease Liabilities	Dividends Payable	Total
Balance as of January 1, 2024	₱87,256,249	₱-	₱87,256,249
Cash flows from/(to) financing activities			
Lease Payments	(67,353,777)	-	(67,353,777)
Payment of Dividends	-	(816,000,000)	(816,000,000)
Non-cash Financing Activities			
Dividends Declaration	-	816,000,000	816,000,000
Additions During the Year	107,485,707	-	107,485,707
Interest – Lease Liability	5,618,759	-	5,618,759
Balance as of December 31, 2024	₱133,006,938	₱-	₱133,006,938

Non-cash transactions arising from investing activities.

- Additions to right-of-use asset amounting to ₱33,850,647 in 2025 and ₱107,485,707 in 2024. Also written off cost and accumulated depreciation of right-of-use asset of amounting to ₱12,347,987 in 2025 and ₱107,485,707 in 2024 as a result of termination of lease.

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33. CURRENT AND NONCURRENT CLASSIFICATION OF ASSETS AND LIABILITIES

As of December 31, 2025 and 2024, the Company's classification of its accounts is as follows:

2025	Current	Noncurrent	Total
Assets			
Cash and Cash Equivalents	₱1,498,769,749	₱-	₱1,498,769,749
Financial Assets	1,053,789,527	3,613,761,858	4,667,551,385
Investments in Trust Fund	38,453,922,762	86,177,113,824	124,631,036,586
Other Reserves Fund	719,922,032	2,249,504,565	2,969,426,597
Prepayments and Office Supplies	42,569,768	-	42,569,768
Investments in Subsidiaries	-	4,456,762,000	4,456,762,000
Property and Equipment (net)	-	674,779,867	674,779,867
Investment Properties	-	80,325,000	80,325,000
Right-of-Use Assets	-	104,574,751	104,574,751
Net Pension Asset	-	171,680,810	171,680,810
Other Assets	-	9,196,102	9,196,102
Total Assets	₱41,768,973,838	₱97,537,698,777	₱139,306,672,615
Liabilities			
Accrued Expenses and			
Other Liabilities	₱921,788,829	₱-	₱921,788,829
Income Tax Payable	163,806,705	-	163,806,705
Pre-Need Reserves	-	107,942,482,717	107,942,482,717
Other Reserves	-	2,229,882,496	2,229,882,496
Lease Liabilities	32,069,496	71,992,061	104,061,557
Deferred Tax Liabilities	-	104,421,216	104,421,216
Other Liabilities	-	299,097,816	299,097,816
	₱1,117,665,030	₱110,647,876,306	₱111,765,541,336
2024			
Assets			
Cash and Cash Equivalents	₱1,694,156,442	₱-	₱1,694,156,442
Financial Assets	1,329,514,009	3,815,417,222	5,144,931,231
Investments in Trust Fund	39,204,996,763	70,655,193,614	109,860,190,377
Other Reserves Fund	810,999,505	1,898,687,637	2,709,687,142
Prepayments and Office Supplies	16,367,317	-	16,367,317
Investments in Subsidiaries	-	3,286,915,000	3,286,915,000
Property and Equipment (net)	-	697,151,578	697,151,578
Investment Properties	-	80,325,000	80,325,000
Right-of-Use Assets	-	132,114,201	132,114,201
Net Pension Asset	-	208,233,893	208,233,893
Other Assets	-	9,613,055	9,613,055
Total Assets	₱43,056,034,036	₱80,783,651,200	₱123,839,685,236
Liabilities			
Accrued Expenses and			
Other Liabilities	₱757,619,110	₱-	₱757,619,110
Income Tax Payable	148,112,088	-	148,112,088
Pre-Need Reserves	-	99,187,919,668	99,187,919,668
Other Reserves	-	2,140,948,351	2,140,948,351
Lease Liabilities	29,133,747	103,873,191	133,006,938
Deferred Tax Liabilities	-	127,095,960	127,095,960
Other Liabilities	-	331,228,862	331,228,862
	₱934,864,945	₱101,891,066,032	₱102,825,930,977

34. SUPPLEMENTARY INFORMATION REQUIRED UNDER RR 15-2010

As required by Revenue Regulation 15-2010 issued by the Bureau of Internal Revenue, the details on taxes duties and licenses fees paid or incurred during the taxable year is as follows:

Output VAT

	2025
	₱1,446,439,197

The Company's sales of services are based on actual premium collections received less trust fund contributions, hence may not be the same amount recognized in the Statements of Income.

The Company has no output VAT arising from sales of goods, zero-rated sales and exempt sales.

Input VAT

	2025
Balance, January 1	₱-
Current year's purchases/payments for:	
Goods other than for resale or manufacture	6,534,582
Capital goods subject to amortization	4,031,097
Services lodged under other accounts	37,053,686
Total	₱47,619,365
Claims for input tax, tax credit/refund and other adjustments	₱47,619,365
Balance, December 31	₱-

The Company has no input VAT arising from purchases of goods for resale/ manufacture or further processing, capital goods not subject to amortization and services lodged under direct cost.

Information on the Company's Importations

The Company has no importations during the year.

Documentary Stamp Tax

The Company has paid documentary stamp taxes during the year amounting to ₱44,670,176.

Other Taxes and Licenses

This includes all other taxes, local and national, including licenses and permit fees, fringe benefits taxes and documentary stamp taxes lodged under the caption "Taxes and Licenses" account under the "General and Administrative Expenses" and "Registration Fees and Documentary Stamp Tax" account under the "Cost of Contracts Issued" sections in the Statements of Comprehensive Income:

	2025
<i>Other Taxes and Licenses</i>	
<i>Charged to Cost of Contracts Issued</i>	
Documentary Stamp Tax	₱44,670,176
Registration fees	56,822,230
	₱101,492,406
<i>Charged to General and Administrative Expenses</i>	
Business Taxes and Assessments	₱140,655,234
Registration Fees and Others	2,693,455
	₱143,348,689
Total	₱244,841,095

Withholding Taxes

Details of withholding taxes for the years ended December 31, 2025 are as follows:

	2025
Withholding Tax on Compensation and Benefits	₱95,797,239
Expanded Withholding Taxes	594,178,656
Final Withholding Tax on Dividends	136,000,000
	₱825,975,895

Tax Assessments and Cases

There are no deficiency tax assessments or tax cases, litigation and/or prosecution in courts or bodies outside the administration of the BIR.

- Nothing follows -