

COVER SHEET

SEC Registration Number

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COMPANY NAME

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	S	U	B	S	I	D	I	A	R	I	E	S																	

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

9	t	h		F	l	o	o	r	,		G	r	e	p	a	l	i	f	e		B	u	i	l	d	i	n	g	,
	2	2	1		S	e	n	.		G	i	l		J	.		P	u	y	a	t		A	v	e	n	u	e	,
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Form Type

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Department requiring the report

C	R	M	D
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Secondary License Type, If
Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

compliance@hoi.com.ph

Company's Telephone Number

8815-9636 to 38

Mobile Number

N/A

No. of Stockholders

367

Annual Meeting (Month / Day)

August 14

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Maria Teresa T. Bautista

Email Address

mtbautista@hoi.com.ph

Telephone Number/s

8815-9636

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

27th Floor, The Yuchengco Centre, 333 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION
CODE
AND SRC RULE 17(2)-(B) THEREUNDER

1. For the quarterly period ended June 30, 2026
2. SEC Identification Number 15393
3. BIR Tax Identification No. 000-463-069-000
4. Exact name of registrant as specified in its charter: HOUSE OF INVESTMENTS, INC.
5. Makati City, Philippines
Province, Country or other jurisdiction
of incorporation or organization
6. / / (SEC Use Only)
Industry Classification Code:
7. 27th Floor, The Yuchengco Centre, 333 Sen. Gil J. Puyat Avenue, Makati City 1200
Address of principal office Postal Code
- +63 (2) 88159636
Issuer's telephone number, including area code
9. 9th Floor, Grepalife Building, 221 Sen. Gil J. Puyat Avenue, Makati City, 1200
Former name, or former address, if changed.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Section 4 and 8 of RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock, P1.50 par value	1,469,302,230 shares of common stock
Preferred Stock, P0.40 par value	0 shares of preferred stock

Amount of debt as of June 30, 2026 No debt registered pursuant to Section 4 and 8 of the RSA

11. Are any or all of these securities listed on the Stock Exchange.

Yes (X) No ()
The common stock is listed in the Philippine Stock Exchange

12. Check whether the registrant:

(a) has filled all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):

Yes (X) No ()

(b) has been subject to such filing requirements for the past 90 days.

Yes (X) No ()

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The interim consolidated financial statements of House of Investments, Inc. and Subsidiaries as of June 30, 2026 with comparative figures for the periods ended December 31, 2025 and June 30, 2025 and Schedule of Aging of Accounts Receivable are incorporated by reference as **Exhibit 1**.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(i) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

Are there any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.	None
Does the registrant currently have, or anticipates having within the next twelve (12) months, any cash flow or liquidity problems?	No
Is the registrant in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments?	No
Has there been a significant amount of the registrant's trade payables have not been paid within the stated trade terms?	None
Describe internal and external sources of liquidity, and briefly discuss any sources of liquid assets used.	The Group depends on both internal and external sources of funds.

(ii) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

None.

(iii) Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described;

San Lorenzo Ruiz Investment Holdings and Services, Inc. is redeveloping a property along Sen. Gil J. Puyat Avenue in Makati into a mix-use commercial complex through a joint venture with Sojitz Corporation of Japan. The estimated development cost is P9.3 billion.

Malayan Colleges Laguna, National Teachers College, University of Nueva Caceres are constructing new school buildings to expand enrollment capacity. The construction of the school buildings will be funded by internally generated funds. These capital expenditures will be funded by existing cash balances and cash flows from operations.

Except for above development projects, there are no other material commitment on capital expenditures other than those performed in ordinary course of business.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described. If the registrant knows of events that will cause material change in the relationship between costs and revenues (such as known future increases in cost of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.

The Group continues to closely monitor the ongoing geopolitical tensions and armed conflict in the Middle East. Appropriate measures have been implemented to manage the related risks and uncertainties arising from the situation. Given the evolving nature of the conflict, management will continue to assess developments and their potential impact on the Group's operations and financial performance.

Other than the ongoing armed conflict in the Middle East, there are no known trends, events, or uncertainties that have had, or are reasonably expected to have, a material impact on the Group's net sales, revenues, or income from continuing operations.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations;

None.

(vii) The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item; The term "material" in this section shall refer to changes or items amounting to five percent (5%) of the relevant accounts or such lower amount, which the registrant deems material on the basis of other factors.

Results of Operations

Period Ended June 30				
	2026	2025	% Change	% to Revenues
REVENUES	₱30,692,859,632	₱20,076,827,146	52.9%	100.0%
COSTS OF SALES AND SERVICES	25,249,338,726	16,060,323,021	57.2%	82.3%
GROSS PROFIT	5,443,520,906	4,016,504,125	35.5%	17.7%
GENERAL AND ADMINISTRATIVE EXPENSE	(2,600,897,142)	(2,365,323,671)	10.0%	(8.5%)
OTHER INCOME	176,443,461	179,196,307	(1.5%)	0.6%
EQUITY IN NET EARNINGS OF ASSOCIATES	223,951,523	243,480,346	(8.0%)	0.7%
INTEREST AND FINANCE CHARGES	(285,912,433)	(290,788,756)	(1.7%)	(0.9%)
INCOME BEFORE INCOME TAX	2,957,106,315	1,783,068,351	65.8%	9.6%
PROVISION FOR INCOME TAX	(435,864,905)	(366,175,744)	19.0%	(1.4%)
NET INCOME (LOSS)	₱2,521,241,410	₱1,416,892,607	77.9%	8.2%

The Group reported a net income of P2.52 billion, marking a 78% increase from the same period last year. This strong performance was largely attributable to the financial services segment, which continued to be the Group's biggest earnings contributor, delivering P1.82 billion net income and representing 72% of total consolidated net income.

Consolidated revenues reached P30.69 billion, representing a 53% increase compared to the previous period. Revenue growth primarily from financial services segment, supported by strong contributions from both life and non-life insurance businesses. This segment remains the Group's largest contributor, which generated P24.36 billion or 79% of total consolidated revenues. The increase in revenues was attributable to sustained demand for both businesses, coupled with favorable returns from investment income. Similarly, education segment delivered a 12% increase in revenues primarily due to increase in number of

enrollees, average number of units enrolled and school-related fees. Likewise, the automotive, property and property services segments reported modest revenue growth during the period.

Total consolidated cost of sales and services are primarily attributable to the financial services segment, which accounts for approximately 82% of the total. The increase was mainly driven by higher legal policy reserves recognized by this segment, primarily due to changes in actuarial assumptions and recognition of new policies written during the period.

General and administrative expenses increased primarily due to: (a) higher personnel costs as the Group continued to fill vacancies across its businesses; (b) higher taxes and licenses mainly from premium taxes in financial services segment resulting from higher premiums earned; and (c) direct expenses related to marketing and selling activities of automotive and financial services segment.

Equity earnings were lower than prior period due to incentive recognized by the Group's former associate during that period.

Interest and finance charges dropped, reflecting the impact of the full settlement of long-term obligations under property segment.

Financial Position

	Jun-2026	Dec-2025	Change (P)	% Change	% to Total
ASSETS					
Current Assets					
Cash and cash equivalents	P8,485,052,889	P7,892,968,769	P592,084,120	7.5%	4.4%
Receivables	11,253,251,822	10,476,842,735	776,409,087	7.4%	5.9%
Segregated fund assets	58,666,883,909	49,029,028,334	9,637,855,575	19.7%	30.7%
Reinsurance Assets	11,971,453,580	11,354,431,818	617,021,762	5.4%	6.3%
Inventories	421,515,773	458,332,319	(36,816,546)	(8.0%)	0.2%
Loans receivable	2,550,340,869	2,538,743,453	11,597,416	0.5%	1.3%
Receivable from related parties	3,023,075	4,594,942	(1,571,867)	(34.2%)	0.0%
Prepaid expenses and other current assets	1,267,525,342	1,023,003,262	244,522,080	23.9%	0.7%
Total Current Assets	94,619,047,259	82,777,945,632	11,841,101,627	14.3%	49.5%
Non-Current Assets					
Financial assets at fair value through other comprehensive income (FVOCI)	26,658,204,006	26,990,433,313	(332,229,307)	(1.2%)	13.9%
Financial assets at fair value through profit or loss (FVTPL)	12,470,702,396	10,317,194,692	2,153,507,704	20.9%	6.5%
Investment securities at amortized cost	5,881,966,592	5,282,084,420	599,882,172	11.4%	3.1%
Investments in associates and joint ventures	5,296,147,472	5,157,536,653	138,610,819	2.7%	2.8%
Property and Equipment					
At revalued amount	16,051,401,089	16,051,401,089	-	0.0%	8.4%
At cost	12,207,505,281	11,003,008,848	1,204,496,433	10.9%	6.4%
Investment properties	12,227,247,360	12,294,404,802	(67,157,442)	(0.5%)	6.4%
Deferred tax assets - net	1,222,807,195	1,201,402,351	21,404,844	1.8%	0.6%
Right of use assets	722,166,726	731,662,759	(9,496,033)	(1.3%)	0.4%
Goodwill	176,176,264	176,176,264	-	0.0%	0.1%
Retirement Asset	126,056,548	126,011,710	44,838	0.0%	0.1%
Deferred acquisition costs	587,423,329	500,932,659	86,490,670	17.3%	0.3%
Other noncurrent assets - net	3,095,848,426	2,970,265,946	125,582,480	4.2%	1.6%
Total Noncurrent Assets	96,723,652,684	92,802,515,506	3,921,137,178	4.22%	50.5%
TOTAL ASSETS	P191,342,699,943	P175,580,461,138	P15,762,238,805	8.98%	100%

The Group's total consolidated assets increased to P191.34 billion, reflecting a 9% increase from December 2025.

Consolidated total current assets remained stable at P94.62 billion. Cash and cash equivalents primarily increased due to improved collections. Receivables were largely attributable to higher unpaid premiums generated by the financial services segment. The increased in segregated fund assets was due to new variable unit-linked policies (VUL) of the life insurance business, while reinsurance assets pertain to receivables of recoverable losses from reinsurance companies. Decrease in inventories was primarily due to the sale of vehicles under the automotive segment, coupled with the timing of purchase of new units.

Increase in prepaid expenses and other current assets pertain mainly to unapplied VAT on non-capital goods of the automotive segment as of the period.

Total noncurrent assets increased from P92.80 billion to P96.72 billion, driven mainly by additional investments of the financial services segment, and on-going construction activities in property segment and education segment. The increase in financial assets at fair value through profit or loss (FVTPL) and investment at amortized cost was mainly due to additional investments of the financial services sector, partially offset by disposals of certain investments. Deferred acquisition cost increased due to issuance and renewal of insurance contracts under the non-life insurance company.

LIABILITIES and EQUITY	Jun-2026	Dec-2025	Change (P)	% Change	% to Total
Current Liabilities					
Accounts payable and other current liabilities	₱7,799,053,610	₱8,061,036,339	(₱261,982,729)	(3.2%)	4.1%
Loans payable	10,879,865,000	10,398,665,000	481,200,000	4.6%	5.7%
Segregated fund liabilities	58,666,883,909	49,029,028,334	9,637,855,575	19.7%	30.7%
Current portion of long-term debt	32,573,600	32,573,600	-	0.0%	0.0%
Current portion of contract liabilities	788,686,288	1,469,268,526	(680,582,238)	(46.3%)	0.4%
Current portion of insurance contract liabilities	28,152,348,080	26,060,567,140	2,091,780,940	8.0%	14.7%
Current portion of lease liability	126,496,147	150,345,529	(23,849,382)	(15.9%)	0.1%
Income tax payable	51,708,210	236,197,636	(184,489,426)	(78.1%)	0.0%
Due to related parties	257,082,991	153,973,334	103,109,657	67.0%	0.1%
Total Current Liabilities	106,754,697,835	95,591,655,438	11,163,042,397	11.7%	55.8%
Non-Current Liabilities					
Long-term debt - noncurrent portion	212,417,400	228,704,200	(16,286,800)	(7.1%)	0.1%
Contract liabilities - noncurrent portion	193,386,682	160,886,163	32,500,519	20.2%	0.1%
Insurance contract liabilities - noncurrent portion	19,982,730,080	17,907,523,571	2,075,206,509	11.6%	10.4%
Lease Liability - noncurrent	713,639,330	690,346,777	23,292,553	3.4%	0.4%
Deferred tax liabilities	2,210,402,640	2,212,539,684	(2,137,044)	(0.1%)	1.2%
Retirement liabilities	768,658,356	807,377,239	(38,718,883)	(4.8%)	0.4%
Deferred reinsurance commissions	332,462,232	241,302,345	91,159,887	37.8%	0.2%
Other noncurrent liabilities	149,848,009	149,465,625	382,384	0.3%	0.1%
Total Noncurrent Liabilities	24,563,544,729	22,398,145,604	2,165,399,125	9.7%	12.8%
TOTAL LIABILITIES	131,318,242,564	117,989,801,042	13,328,441,522	11.3%	68.6%
Equity					
Attributable to equity holders of the Parent Company					
Common stock	₱2,201,795,746	₱2,201,795,746	₱ -	-	1.2%
Additional paid in capital	14,808,241,606	14,808,241,606	-	-	7.7%
Equity reserve on acquisition of noncontrolling interest	(806,224,306)	(806,224,306)	-	-	-0.4%
Revaluation increment on land	4,250,123,545	4,251,766,552	(1,643,007)	0.0%	2.2%
Cumulative translation adjustment	66,924,036	52,070,669	14,853,367	28.5%	0.0%
Changes in fair value of equity investments carried at FVOCI	(617,350,543)	74,098,492	(691,449,035)	(933.1%)	-0.3%
Remeasurement losses on net retirement liability	(89,152,816)	(88,078,445)	(1,074,371)	1.2%	0.0%
Remeasurement on legal policy reserves	371,987,643	34,071,172	337,916,471	991.8%	0.2%
Retained Earnings					
Unappropriated	15,263,095,684	13,719,852,267	1,543,243,417	11.2%	8.0%
Appropriated	1,700,000,000	1,700,000,000	-	-	0.9%
Noncontrolling interest	37,149,440,595	35,947,593,753	1,201,846,842	3.3%	19.4%
TOTAL EQUITY	60,024,457,379	57,590,660,096	2,433,797,283	4.2%	31.4%
TOTAL LIABILITIES AND EQUITY	₱191,342,699,943	₱175,580,461,138	₱15,762,238,805	8.98%	100%

Total liabilities increased from P117.99 billion to P131.32 billion, primarily due to higher segregated fund liabilities arising from new insurance business under financial services segment.

Total current liabilities increased from P95.60 billion to P106.75 billion. Loans payable increased due to additional borrowings by the property group. The decrease in current portion of contract liabilities was mainly attributable to the recognition of previously unearned revenues in education segment. Contract liabilities, which include unearned tuition fees and unearned lease revenue, declined as the related revenues were recognized. Insurance contract liabilities represent the insurance and unearned premiums as of the period. Lease liabilities decreased as a result of regular monthly rental payments. Income tax payable pertains to taxes due in August 2026, and due to related parties increased as a result of higher allocation expenses billed in financial services segment.

Total noncurrent liabilities increased from P22.40 billion to P24.56 billion primarily driven by the increase in insurance contract liabilities resulting from higher legal policy reserves. The decrease in the noncurrent

portion of long-term debt was primarily attributable to partial loan repayments by the education segment. Noncurrent contract liabilities consist of advance rentals and security deposits under the property group. Deferred reinsurance commission increased due to unearned commission from reinsurance companies relative to increase in premiums written in non-life insurance.

Consolidated total equity increased to P60.02 billion from P57.59 billion, driven by: (a) favorable remeasurement on legal policy reserves during the period, driven by updates in key actuarial assumptions; (b) increase in cumulative translation adjustments due to positive movement in foreign currency exchange; (c) increase in consolidated retained earnings, which rose from P15.42 billion to P16.96 billion, reflecting the Group's higher net income for the period. This was, however partially offset by a significant decline in changes in fair value of equity investments carried at FVOCI due to lower market price of certain investments under the financial services segment.

Financial Ratios

Below are the financial ratios that are relevant to the Group's for the period-ended June 30, 2026 compared to June 30, 2025 and to December 31, 2025 as follows:

Financial ratios		Unaudited 30-Jun-26	Unaudited 30-Jun-25	Audited 31-Dec-25
Current ratio Indicates the Group's ability to pay short-term obligations	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.89:1	0.89:1	0.87:1
Solvency Ratio Shows how likely a company will be to continue meeting its debt obligations	$\frac{\text{Net Income} + \text{Depreciation}}{\text{Total Liabilities}}$	0.02:1	0.02:1	0.04:1
Debt-to-equity ratio Measures the Group's leverage	$\frac{\text{Total Debt}}{\text{Equity}}$	2.19:1	2.09:1	2.05:1
Asset to Equity Ratio Shows how the company's leverage (debt) was used to finance the firm	$\frac{\text{Total Assets}}{\text{Equity}}$	3.19:1	3.09:1	3.05:1
Interest Rate Coverage Shows how easily a company can pay interest on outstanding debt	$\frac{\text{EBIT}}{\text{Interest Expense}}$	11.34:1	7.13:1	8.82:1
Return on Average Stockholders' Equity Reflects how much the Group's has earned on the funds invested by the stockholders	$\frac{\text{Net Income}}{\text{Average Equity}}$	4.29%	2.64%	6.66%

Return on Assets Measure the ability to utilize the Group's assets to create profits	$\frac{\text{Net Income}}{\text{Total Assets}}$	1.37%	0.84%	2.14%
Net Profit Margin Shows how much profit is made for every peso of revenue	$\frac{\text{Net Income}}{\text{Total Revenues}}$	8.21%	7.06%	8.42%
Asset Turnover Shows efficiency of asset used in operations	$\frac{\text{Total Revenues}}{\text{Total Assets}}$	0.16	0.12	0.25

**Earnings before interest and taxes*

- Current ratio remained at the same level as same period last year.
- Solvency ratio slightly remained at the same level as same period last year.
- Debt-to-equity ratio increased to 2.19 from 2.09 in June 2025, due to higher legal policy reserves of the insurance sector.
- Asset to equity ratio rose from 3.09 in June 2025 to 3.19 in June 2026, primarily driven by the growth in assets under financial services segment.
- Interest rate coverage ratio climbed to 11.34 times in June 2026 from 7.13 times from prior year, supported by improved earnings.
- Return on average stockholders' equity increased to 4.29% from 2.64% from same period last year was primarily driven by the significant growth in net income.
- Return on assets (ROA) slightly increased to 1.37% this quarter due to improved profitability margin.
- Net profit margin increased to 8.21%, reflecting the significant improvement in profitability compared with the prior period.
- Asset turnover improved to 0.16 times from 0.12 times in June 2025, primarily driven by higher revenues generated by the financial services segment.

The above-mentioned ratios are applicable to the Group (Parent Company and its subsidiaries) as a whole.

PART II – OTHER INFORMATION

There is no significant information on the company which requires disclosure herein and/or were not included in SEC Form 17-C.

EXHIBIT 1

HOUSE OF INVESTMENTS, INC. and SUBSIDIARIES

Interim Condensed Unaudited Consolidated Financial Statements

**June 30, 2026 and 2025 (Unaudited)
and
December 31, 2025 (Audited)**

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited Jun-2026	Audited Dec-2025
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	₱8,485,052,889	₱7,892,968,769
Receivables (Note 7)	11,253,251,822	10,476,842,735
Segregated fund assets (Note 8)	58,666,883,909	49,029,028,334
Reinsurance assets (Note 9)	11,971,453,580	11,354,431,818
Inventories (Note 10)	421,515,773	458,332,319
Loans receivable (Note 11)	2,550,340,869	2,538,743,453
Receivables from related parties	3,023,075	4,594,942
Prepaid expenses and other current assets (Note 12)	1,267,525,342	1,023,003,262
Total Current Assets	94,619,047,259	82,777,945,632
Noncurrent Assets		
Equity investments at fair value through other comprehensive income (FVOCI) (Note 13)	26,658,204,006	26,990,433,313
Financial assets at fair value through profit or loss (FVTPL) (Note 13)	12,470,702,396	10,317,194,692
Investment securities at amortized cost (Note 13)	5,881,966,592	5,282,084,420
Investments in associates and joint ventures (Note 14)	5,296,147,472	5,157,536,653
Property and equipment (Note 16)		
At revalued amount	16,051,401,089	16,051,401,089
At cost	12,207,505,281	11,003,008,848
Investment properties (Note 15)	12,227,247,360	12,294,404,802
Deferred tax assets – net	1,222,807,195	1,201,402,351
Right-of-use assets	722,166,726	731,662,759
Goodwill (Note 18)	176,176,264	176,176,264
Retirement assets	126,056,548	126,011,710
Deferred acquisition costs (Note 17)	587,423,329	500,932,659
Other noncurrent assets (Note 19)	3,095,848,426	2,970,265,946
Total Noncurrent Assets	96,723,652,684	92,802,515,506
Total Assets	₱191,342,699,943	₱175,580,461,138

LIABILITIES AND EQUITY

Current Liabilities

Accounts payable and other current liabilities (Note 20)	₱7,799,053,610	₱8,061,036,339
Loans payable (Note 21)	10,879,865,000	10,398,665,000
Segregated fund liabilities (Note 8)	58,666,883,909	49,029,028,334
Current portion of long-term debt (Note 22)	32,573,600	32,573,600
Current portion of contract liabilities (Note 23)	788,686,288	1,469,268,526
Insurance contract liabilities - current portion (Note 24)	28,152,348,080	26,060,567,140
Current portion of lease liabilities	126,496,147	150,345,529
Income tax payable	51,708,210	236,197,636
Due to related parties	257,082,991	153,973,334
Total Current Liabilities	106,754,697,835	95,591,655,438

	Unaudited Jun-2026	Audited Dec-2025
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 22)	212,417,400	228,704,200
Contract liabilities - net of current portion (Note 23)	193,386,682	160,886,163
Insurance contract liabilities - net of current portion (Note 24)	19,982,730,080	17,907,523,571
Lease liabilities - net of current portion	713,639,330	690,346,777
Deferred tax liabilities – net	2,210,402,640	2,212,539,684
Retirement liabilities	768,658,356	807,377,239
Deferred reinsurance commissions (Note 17)	332,462,232	241,302,345
Other noncurrent liabilities	149,848,009	149,465,625
Total Noncurrent Liabilities	24,563,544,729	22,398,145,604
Total Liabilities	₱131,318,242,564	₱117,989,801,042
Equity		
Common stock (Note 32)	2,201,795,746	2,201,795,746
Additional paid-in capital	14,808,241,606	14,808,241,606
Equity reserve on acquisition of non-controlling interest	(806,224,306)	(806,224,306)
Revaluation increment on land – net	4,250,123,545	4,251,766,552
Cumulative translation adjustments	66,924,036	52,070,669
Fair value reserve of equity investments at FVOCI	(617,350,543)	74,098,492
Remeasurement loss on retirement obligation	(89,152,816)	(88,078,445)
Remeasurement on legal policy reserves	371,987,643	34,071,172
Retained earnings (Note 33)		
Unappropriated	15,263,095,684	13,719,852,267
Appropriated	1,700,000,000	1,700,000,000
	37,149,440,595	35,947,593,753
Non-controlling interests (Note 34)	22,875,016,784	21,643,066,343
Total Equity	60,024,457,379	57,590,660,096
	₱191,342,699,943	₱175,580,461,138

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	April 1 to June 30		
	2026	2025	2024
<i>Continuing Operations</i>			
REVENUE (Note 25)	₱18,898,449,183	₱11,053,316,018	₱9,067,484,450
COSTS OF SALES AND SERVICES (Note 26)	16,094,069,022	9,454,621,041	6,855,685,620
GROSS PROFIT (LOSS)	2,804,380,161	1,598,694,977	2,211,798,830
GENERAL AND ADMINISTRATIVE EXPENSES (Note 28)	(1,266,286,852)	(1,194,743,493)	(1,146,900,685)
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (Note 14)	112,180,386	95,764,338	76,841,917
INTEREST AND FINANCE CHARGES (Note 30)	(149,105,525)	(144,197,070)	(118,777,846)
OTHER INCOME - NET (Note 27)	(15,274,837)	96,988,515	105,531,155
INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,485,893,333	452,507,267	1,128,493,371
PROVISION FOR (BENEFIT FROM) INCOME TAX	(137,466,790)	(123,905,786)	(165,015,856)
NET INCOME (LOSS)	₱1,348,426,543	₱328,601,481	₱963,477,515
Net income (loss) attributable to:			
Equity holders of the Parent Company	₱835,775,237	₱202,381,357	₱600,844,696
Non-controlling interests	512,651,306	126,220,124	362,632,819
	₱1,348,426,543	₱328,601,481	₱963,477,515
EARNINGS (LOSS) PER SHARE (Note 31)			
Basic	₱0.5688	₱0.1377	₱0.4089
Diluted	₱0.5688	₱0.1377	₱0.4089

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	April 1 to June 30		
	2025	2024	2023
NET INCOME	₱1,348,426,543	₱328,601,481	₱963,477,515
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
Share in other comprehensive gain (loss) of an associate		-	(356,767)
Cumulative translation adjustments	4,573,990	(5,896,692)	15,074,081
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Changes in fair value of equity investments carried at FVOCI (Note 13)	69,967,725	(59,069,632)	(426,505,505)
Revaluation increment on land		-	-
Remeasurement on legal policy reserves	223,474,731	(60,052,280)	407,267,009
Remeasurement gain (loss) on net retirement	(4,803,349)	160,395	(6,090,926)
Income tax effect	(42,815,530)	17,828,189	4,408,506
	250,397,567	(107,030,020)	(6,203,602)
TOTAL COMPREHENSIVE INCOME	1,598,824,110	₱221,571,461	₱957,273,913
Total comprehensive income attributable to:			
Equity holders of the Parent Company	₱941,136,874	₱128,503,100	₱188,234,602
Non-controlling interests	657,687,236	93,068,361	769,039,311
	₱1,598,824,110	₱221,571,461	₱957,273,913

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	January 1 to June 30		
	2026	2025	2024
REVENUE (Note 25)	₱30,692,859,632	₱20,076,827,146	₱20,371,891,931
COSTS OF SALES AND SERVICES (Note 26)	25,249,338,726	16,060,323,021	15,855,972,966
GROSS PROFIT (LOSS)	5,443,520,906	4,016,504,125	4,515,918,965
GENERAL AND ADMINISTRATIVE EXPENSES (Note 28)	(2,600,897,142)	(2,365,323,671)	(2,297,799,666)
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (Note 14)	223,951,523	243,480,346	57,036,163
INTEREST AND FINANCE CHARGES (Note 30)	(285,912,433)	(290,788,756)	(236,529,885)
OTHER INCOME - NET (Note 27)	176,443,461	179,196,307	(81,588,598)
INCOME (LOSS) BEFORE INCOME TAX	2,957,106,315	1,783,068,351	1,957,036,979
PROVISION FOR (BENEFIT FROM) INCOME TAX	(435,864,905)	(366,175,744)	(316,998,523)
NET INCOME (LOSS)	₱2,521,241,410	₱1,416,892,607	₱1,640,038,456
Net income (loss) attributable to:			
Equity holders of the Parent Company	₱1,546,524,351	₱849,230,205	₱846,410,233
Non-controlling interests	974,717,059	567,662,402	793,628,223
	₱2,521,241,410	₱1,416,892,607	₱1,640,038,456
EARNINGS (LOSS) PER SHARE (Note 31)			
Basic	₱1.0526	₱0.5780	₱0.1671
Diluted	₱1.0526	₱0.5780	₱0.1671

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	January 1 to June 30		
	2026	2025	2024
NET INCOME	2,521,241,410	1,416,892,607	1,640,038,456
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
Share in other comprehensive gain (loss) of an associate	1,024,608	(365,038)	(4,588,441)
Cumulative translation adjustments	19,207,769	(10,148,298)	21,581,161
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Changes in fair value of equity investments carried at FVOCI (Note 13)	(1,366,401,220)	465,568,335	(749,442,293)
Revaluation increment on land		-	-
Remeasurement on legal policy reserves	779,507,431	(16,107,321)	425,704,608
Remeasurement gain (loss) on net retirement	(4,803,349)	-	(6,542,619)
Income tax effect	89,234,906	(67,419,151)	50,196,308
	(482,229,855)	371,528,527	(263,091,276)
TOTAL COMPREHENSIVE INCOME	₱2,039,011,555	₱1,788,421,134	₱1,376,947,180
Total comprehensive income attributable to:			
Equity holders of the Parent Company	₱1,205,585,862	₱1,128,125,241	₱217,543,655
Non-controlling interests	833,425,693	660,295,893	1,159,403,525
	₱2,039,011,555	₱1,788,421,134	₱1,376,947,180

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED JUNE 30, 2026, 2025 AND 2024

	Attributable to Equity Holders of the Parent Company												
	Capital stock (Note 32)	Additional paid-in capital	Equity reserve on acquisition of non-controlling interest	Revaluation increment on land - net (Note 16)	Cumulative translation adjustments	Fair Value reserve of equity investments at FVOCI (Note 13)	Remeasurement on legal policy reserves	Remeasurement loss on retirement	Unappropriated Retained Earnings (Note 33)	Appropriated Retained Earnings (Note 33)	Subtotal	Non-controlling interests (Note 34)	Total
As at January 1, 2026	P2,201,795,746	P14,808,241,606	(P806,224,306)	P4,251,766,552	P52,070,669	P74,098,492	P34,071,172	(P88,078,445)	P13,719,852,267	P1,700,000,000	P35,947,593,753	P21,643,066,343	P57,590,660,096
Net income	—	—	—	—	—	—	—	—	1,546,524,351	—	1,546,524,351	974,717,059	2,521,241,410
Other comprehensive income	—	—	—	(1,643,007)	14,853,367	(690,990,949)	337,916,471	(1,074,371)	—	—	(340,938,489)	(141,291,366)	(482,229,855)
Total comprehensive income	—	—	—	(1,643,007)	14,853,367	(690,990,949)	337,916,471	(1,074,371)	1,546,524,351	—	1,205,585,862	833,425,693	2,039,011,555
Reclassification of remeasurement on retirement liabilities to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquisition of NCI	—	—	—	—	—	—	—	—	(3,739,020)	—	(3,739,020)	825,537,131	821,798,111
Sale of FVOCI adjustments	—	—	—	—	—	(458,086)	—	—	458,086	—	—	—	—
Dividend declaration (Note 33)	—	—	—	—	—	—	—	—	—	—	—	(427,012,383)	(427,012,383)
Declaration of dividend by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—
As at June 30, 2026	P2,201,795,746	P14,808,241,606	(P806,224,306)	P4,250,123,545	P66,924,036	(P617,350,543)	P371,987,643	(P89,152,816)	P15,263,095,684	P1,700,000,000	P37,149,440,595	P22,875,016,784	P60,024,457,379
As at January 1, 2025	P2,201,795,746	P14,808,241,606	(P806,224,306)	P3,779,148,385	P47,177,851	(P352,644,065)	(P13,652,322)	(P59,802,377)	P11,813,200,762	P1,700,000,000	P33,117,241,280	P19,756,668,041	P52,873,909,321
Net income	—	—	—	—	—	—	—	—	849,230,204	—	849,230,204	567,662,403	1,416,892,607
Other comprehensive income	—	—	—	—	(7,847,680)	294,158,425	(6,982,524)	(433,185)	—	—	278,895,036	92,633,490	371,528,526
Total comprehensive income	—	—	—	—	(7,847,680)	294,158,425	(6,982,524)	(433,185)	849,230,204	—	1,128,125,240	660,295,893	1,788,421,133
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of investment in associates to FVOCI	—	—	—	—	—	—	—	—	—	—	—	—	—
Sale of FVOCI adjustments	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividend declaration (Note 33)	—	—	—	—	—	—	—	—	—	—	—	—	—
Declaration of dividend by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—
Release of appropriation	—	—	—	—	—	—	—	—	—	—	—	—	—
As at June 30, 2025	P2,201,795,746	P14,808,241,606	(P806,224,306)	P3,779,148,385	P39,330,171	(P58,485,640)	(P20,634,846)	(P60,235,562)	P12,662,430,966	P1,700,000,000	P34,245,366,520	P20,416,963,934	P4,662,330,455
As at January 1, 2024	P2,201,795,746	P14,808,241,606	(P868,077,102)	P3,289,823,486	P46,376,718	(P47,667,218)	P —	(P18,380,972)	P7,390,657,134	P5,200,000,000	P32,002,769,398	P18,211,850,514	P50,214,619,914
Net income	—	—	—	—	—	—	—	—	846,410,233	—	846,410,233	793,628,223	1,640,038,456
Other comprehensive income	—	—	—	—	21,581,162	(633,078,983)	133,912,474	(25,766,353)	(125,514,878)	—	(628,866,578)	365,775,302	(263,091,276)
Total comprehensive income	—	—	—	—	21,581,162	(633,078,983)	133,912,474	(25,766,353)	245,565,537	—	217,543,655	1,159,403,525	1,376,947,180
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of investment in associates to FVOCI	—	—	—	(75,107,937)	(13,057,311)	80,158,119	—	32,203,598	(24,196,469)	—	—	—	—
Sale of FVOCI adjustments	—	—	—	—	—	—	—	—	41,589,733	—	41,589,733	—	41,589,733
Dividend declaration (Note 33)	—	—	—	—	—	—	—	—	—	—	—	—	—
Declaration of dividend by subsidiary	—	—	—	—	—	—	—	—	(415,800,000)	—	(415,800,000)	—	(415,800,000)
Release of appropriation	—	—	—	—	—	—	—	—	—	—	—	—	—
As at June 30, 2024	P2,201,795,746	P14,808,241,606	(P868,077,102)	P3,214,715,550	P54,900,569	(P600,588,082)	P133,912,474	(P11,943,726)	P7,713,145,753	P5,200,000,000	P31,846,102,786	P19,371,254,039	P51,217,356,827

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period Ended June 30		
	2026	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱2,957,106,315	₱1,783,068,351	₱1,957,036,979
Adjustments for:			
Depreciation and amortization (Note 29)	514,355,639	496,597,069	210,715,879
Interest and finance charges (Note 30)	285,912,433	290,788,756	236,529,883
Movements in net retirement liabilities	(37,644,512)	(17,637,296)	(8,492,946)
Provision for impairment loss of investment in associates	82,044,742	—	—
Market gain on financial asset at fair value through profit or loss (FVPL)	375,693,718	(836,755)	(13,170,739)
Dividend income (Note 27)	(15,592,227)	(13,665,334)	(112,561,440)
Unrealized foreign exchange loss (gain) (Note 27)	(95,563,900)	6,818,782	(287,686,964)
Interest income (Note 27)	(82,518,927)	(85,892,928)	(962,331,457)
Loss from reclassification of investments			245,052,123
Provision (Recovery) of probable losses	31,233,608	(49,073,895)	(28,324,136)
Gain on sale of:			
Investment properties (Note 27)	(101,961,581)	(5,664,000)	—
Property and equipment (Note 27)	—	(3,839,690)	(4,130,496)
Equity in net earnings of associates and joint venture (Note 14)	(223,951,523)	(243,480,346)	(57,036,163)
Operating income (loss) before working capital changes	3,689,113,785	2,157,182,714	1,175,600,523
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	(819,240,110)	893,064,392	850,593,370
Inventories	36,816,547	(22,300,590)	35,276,803
Reinsurance assets	(617,021,763)	2,236,588,257	—
Prepaid expenses and other current assets	(244,522,080)	(336,536,853)	(523,650,919)
Increase (decrease) in:			
Accounts payable and other current liabilities	180,646,027	(663,199,667)	564,121,512
Contract liabilities	(648,081,718)	(844,988,696)	(701,642,256)
Insurance contracts	4,639,615,244	(2,615,295,211)	(2,912,980,871)
Other noncurrent liabilities	89,405,227	(106,171,124)	21,678,850
Net cash generated from (used in) operations	6,306,731,159	698,343,222	(1,491,002,988)
Interest received	82,518,927	88,246,315	503,392,907
Income tax paid	(636,363,586)	(336,122,799)	(201,955,446)
Interest and finance charges paid (Note 30)	(285,912,433)	(290,788,756)	(196,183,863)
Net cash flows used in operating activities	5,466,974,067	159,677,982	(1,385,749,390)

(Forward)

	Period Ended June 30		
	2026	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES			
Changes in other noncurrent assets	(75,241,613)	(49,897,756)	264,843,922
Proceeds from sale of:			
Property and equipment	3,939,478	3,839,690	1,281,119
Sale of investment in associates (held for sale)			
Investment properties	114,806,043	660,000	337,378,019
Financial assets at FVTPL, FVOCI and Amortized costs	5,035,618,630	3,157,384,034	178,277,653
Dividends received	32,724,693	68,610,480	140,230,668
Acquisitions of:			
Computer software (Note 19)	(7,263,045)	(10,114,035)	(13,297,347)
Financial assets at FVTPL, FVOCI and Amortized costs	(8,960,640,589)	(3,583,974,427)	(1,763,805,771)
Investment in associates (Note 14)		(40,000,000)	(21,367,280)
Property and equipment	(1,523,288,993)	(1,097,319,154)	(705,295,088)
Investments properties (Note 15)	(185,872)	(634,545,323)	–
Net cash flows provided by (used in) investing activities	(5,379,531,268)	(2,185,356,491)	(1,581,754,105)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans payable (Note 21)	5,083,726,000	3,585,068,000	1,497,500,000
Receipts (disbursements) from related party transactions	104,681,524	86,544,708	23,892,410
Changes in non-controlling interests	825,537,131	–	1,159,403,525
Share issuance cost	(3,739,020)	–	–
Movement in finance lease	(30,774,701)	(74,177,882)	195,912,009
Payments of:			
Dividends paid	(869,641,139)	(894,368,803)	–
Loans payable (Note 21)	(4,602,526,000)	(3,140,000,000)	(1,695,263,492)
Long-term debt (Note 22)	(16,286,800)	(13,254,300)	(13,254,300)
Net cash flows provided by financing activities	490,976,995	(450,188,277)	1,168,190,152
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	13,664,326	(6,818,781)	287,686,964
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	592,084,120	(2,482,685,567)	(1,511,626,379)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,892,968,769	8,293,005,389	6,633,047,805
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	₱8,485,052,889	₱5,810,319,822	₱5,121,421,426

See accompanying Notes to Consolidated Financial Statements.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of Consolidated Financial Statements

Corporate Information

House of Investments, Inc. (the Parent Company) is a stock corporation incorporated under the laws of the Republic of the Philippines on May 21, 1959. As per Section 11 of Revised Corporation Code (RCC) enacted in 2020, a corporation shall have perpetual existence unless its articles of incorporation provide otherwise. Further explained in Securities and Exchange Commission (SEC) Memorandum Circular No. 22 Series of 2020, “the corporate term of a corporation with certificate of incorporation issued prior to the effectivity of the RCC and which continue to exist, shall be deemed perpetual upon the effectivity of the RCC, without any action on the part of the corporation.” Thus, there is no need to amend or extend Parent Company’s corporate life as it already enjoys perpetual existence.

The Parent Company undertook a portfolio realignment with a bias for recurring income and growth in 2023. As a result, the core business focus of the Company is organized into four segments, namely: Financial Services, Property and Property Services, Education and Automotive. The Company’s portfolio investments are in, Energy, Healthcare, and Deathcare. On May 31, 2024, the Board of Directors (BOD) approved the infusion of additional capital of ₱90.0 million and the consolidation of the automotive business of the Parent Company into HI Cars, Inc. through the assignment of assets and liabilities effective July 1, 2024.

The Parent Company’s common stock was listed with the Philippine Stock Exchange (PSE) on July 2, 1962, the Parent Company’s initial public offering. The Parent Company’s shares of stock are currently traded at the PSE. The ultimate parent company of the Group is Pan Malayan Management and Investment Corporation (PMMIC), a domestic corporation.

The registered office address and principal place of business of the Parent Company is at 27th Floor, The Yuchengco Centre, 333 Sen. Gil J. Puyat Avenue, Makati City, Metro Manila.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The consolidated financial statements of the Group have been prepared under the historical cost basis, except for land, which is carried at revalued amount and financial assets at FVTPL, included as part of “Prepaid expenses and other current assets,” and FVOCI which are measured at fair value. The accompanying consolidated financial statements are presented in Philippine Peso (Php, ₱), which is also the Parent Company’s functional currency. Except as indicated, all amounts are rounded off to the nearest peso.

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation

The consolidated financial statements include the Parent Company and the following subsidiaries:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership			
				Jun 2026		Dec 2025	
				Direct	Indirect	Direct	Indirect
Investment Managers, Inc. (IMI)	Philippines	Insurance agent, financing, trading and real estate	Philippine Peso	100.00	—	100.00	—
Landev Corporation	Philippines	Property management	Philippine Peso	100.00	—	100.00	—
San Lorenzo Ruiz Investment Holdings and Services Inc. (SLRHSI)	Philippines	Holding company	Philippine Peso	60.00	—	60.00	—
ATYC, Inc. (ATYC)	Philippines	Property leasing	Philippine Peso	100.00	—	100.00	—
Xamdu Motors, Inc. (XMI)	Philippines	Car dealership	Philippine Peso	100.00	—	100.00	—
Greyhounds Security and Investigation Agency Corp.	Philippines	Security agency	Philippine Peso	—	100.00	—	100.00
Hexagon Lounge, Inc.	Philippines	Restaurant	Philippine Peso	—	100.00	—	100.00
Secon Professional Security Training Academy Inc.	Philippines	Training service provider	Philippine Peso	—	100.00	—	100.00
HI Cars, Inc. (HCI)	Philippines	Car dealership	Philippine Peso	100.00	—	100.00	—
La Funeraria Paz Sucat, Inc. (LFPSI)	Philippines	Memorial services	Philippine Peso	50.00	13.00	50.00	13.00
iPeople, inc. (IPO)	Philippines	Education and Information Technology	Philippine Peso	49.99	—	49.99	—
Malayan Education System, Inc. (MESI) (Operating Under the Name of Mapua University)	Philippines	Education and Information Technology	Philippine Peso	—	100.00	—	100.00
Malayan Colleges Laguna, Inc., A Mapua School (MCLI)	Philippines	Education and Information Technology	Philippine Peso	—	100.00	—	100.00
Malayan Colleges Mindanao (A Mapua School), Inc. (MCMI)	Philippines	Education and Information Technology	Philippine Peso	—	100.00	—	100.00
Malayan High School of Science, Inc. (MHSSI)	Philippines	Education and Information Technology	Philippine Peso	—	100.00	—	100.00
Mapua Information Technology Center, Inc. (MITC)	Philippines	Education and Information Technology	Philippine Peso	—	100.00	—	100.00
Mapua Techserv, Inc. (MTI)	Philippines	Consultancy	Philippine Peso	—	100.00	—	100.00
Mapua Techpower Inc.	Philippines	Consultancy	Philippine Peso	—	75.00	—	75.00
People eServe Corporation	Philippines	Education and Information Technology	Philippine Peso	—	100.00	—	100.00
Pan Pacific Computer Center, Incorporated (PPCCI)	Philippines	Education and Information Technology	Philippine Peso	—	100.00	—	100.00
Affordable Private Education Center, Inc doing business under the name of APEC Schools (APEC)	Philippines	Education and Information Technology	Philippine Peso	—	100.00	—	100.00
National Teachers College doing business under the name/s and style/s of The National Teachers College ^(a)	Philippines	Education and Information Technology	Philippine Peso	—	99.82	—	99.82
University of Nueva Caceres	Philippines	Education and Information Technology	Philippine Peso	—	83.01	—	83.01
AC College of Enterprise and Technology, Inc ^(b)	Philippines	Education and Information Technology	Philippine Peso	—	—	—	—
LINC Institute, Inc doing business under the Name and Style of LINC Academy	Philippines	Education and Information Technology	Philippine Peso	—	100.00	—	100.00
MICO Equities, Inc. (MEI)	Philippines	Insurance	Philippine Peso	77.33	—	77.33	—
Sunlife Grepa Financial Inc. (SLGFI)	Philippines	Insurance	Philippine Peso	51.00	—	51.00	—
Grepa Realty Holdings Corp. (GRHC)	Philippines	Real estate	Philippine Peso	49.00	26.01	49.00	26.01
Tarlac Terra Ventures, Inc. (TTVI) ^(c)	Philippines	Real estate	Philippine Peso	51.00	—	100.00	—
RCBC Trust Corporation	Philippines	Financial Services	Philippine Peso	40.00	—	40.00	—

(a) In NTC and ACCET merger, percentage of ownership has increased from 99.79% to 99.82%

(b) Effective October 21, 2025, SEC approved the merger of ACCET and NTC, at which point the NTC legally

(c) Effective May 26, 2026, SEC approved the increased in capital stock of TTVI, wherein percentage ownership of HI decreased from 100% to 51%

The consolidated financial statements are prepared for the same reporting year as the Parent Company and subsidiaries, using consistent accounting policies. All significant intercompany balances and transactions, including income, expenses, and dividends are eliminated in full.

Profits and losses resulting from intercompany transactions that are recognized in assets are eliminated in full.

Control is achieved when the Parent Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- a. power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- b. exposure, or rights, to variable returns from its involvement with the investee; and
- c. the ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of income and consolidated statements of comprehensive income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest until the balance is reduced to nil. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Reclassifies to profit or loss, or transfer directly to retained earnings if required by other PFRSs, the amounts recognized in other comprehensive income in relation to the subsidiary; and recognizes any resulting difference as a gain or loss in profit or loss attributable to the Parent Company

Non-controlling interests (NCI) represent the portion of equity not attributable to the Parent Company. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests are presented separately in the consolidated statements of comprehensive income and within the equity section of the consolidated statements of financial position and consolidated statements of changes in equity, separately from the equity attributable to equity holders of the Parent Company.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2026. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 21, *Lack of exchangeability*

The amendments clarify:

- o That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- o That classification is unaffected by the likelihood that an entity will exercise its deferral right.

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.

Standards Issued But Not Yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2026

- 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.

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial

liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.

The amendments clarify the application of the ‘own-use’ requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

- Annual Improvements to PFRS Accounting Standards—Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- o Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- o Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- o Amendments to PFRS 9

- Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

o Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

o Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

• 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 Financial and Sustainability Reporting Standards Council (FSRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 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). This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

The Group has insurance business and does not intend to early adopt PFRS 17. The Group continues its assessment of the implications of this standard and expects that it will have a significant impact on the Group's consolidated financial statements as the requirements of the new standard are complex and requires application of significant judgments and estimates. Specifically, the establishment of Contractual Service Margin (or the unearned profits) on in-force insurance contracts will result in adjustments in insurance contract liabilities and corresponding movements in equity upon transition. Subsequently, the Group expects changes in the timing and recognition of the profits via amortization of the CSM into income as services are provided. The Group is continuously assessing the potential impact of all other changes including accounting policy choices available under PFRS 17 on how insurance contract liabilities are measured and the impact on presentation and disclosure of the financial results in the financial statements.

The adoption of PFRS 17 requires significant changes to the Group's accounting and reporting processes. To ensure readiness, the Group has invested on financial and actuarial technology platforms that will enhance data capture, improve actuarial models and assumptions, among others and subsequently, produce management information for financial planning and enhance business and strategic analyses.

The Group has established a transition program for PFRS 17 and has dedicated significant resources to execute and oversee the plan to manage operational, regulatory, and business and strategic risks associated with the implementation of this standard.

A reliable estimate of the impact to the Company's financial statements arising from the initial application of PFRS 17 is not yet available as implementation is still in progress which includes enhancements to the Company's actuarial and accounting systems and updating of the accounting manual and operating controls.

- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- o Required totals, subtotals and new categories in the statement of profit or loss
- o Disclosure of management-defined performance measures
- o Guidance on aggregation and disaggregation

- PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS Accounting Standards.

In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the International Accounting Standards Board (IASB) between February 2021 and May 2024.

The application of the standard is optional for eligible entities.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FSRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Summary of Material Accounting Policy Information

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

The Group recognizes financial instruments when, and only when, the Group becomes a party to the contractual terms of the financial instruments. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace, are recognized on settlement date - the date that an asset is delivered to by the Group.

'Day1' difference

Where the transaction price is different from the fair value or from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day1' difference) in the statements of income in unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statements of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Initial recognition and measurement

Financial assets are classified, at initial recognition, and 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group 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. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under PFRS 15, *Revenue*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments 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 Group'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 the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Subsequent measurement

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, receivables, receivables from related parties, loan receivable and security deposits under 'Other asset' account.

Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income (OCI). However, an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value in OCI.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Group's financial assets at FVTPL includes government and private debt securities, unquoted debt securities, listed equity shares, mutual funds, segregated funds and seed capital in variable unit-linked segregated funds.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably all equity investments other than those classified to fair value through profit or loss under this category.

The Group does not have any debt financial assets at FVOCI as of June 30, 2026 and December 31, 2025.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (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 Group 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).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The loss allowance was adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group generally considers a financial asset in default when contractual payments are 90 days past due. For a financial asset that arises from long-term construction contracts, the Group considers the asset to be in default if contractual payments are not settled within 30 days from the completion of the construction project. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

The Group initially measures a financial liability at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs. The Group has no financial liabilities at FVTPL.

Subsequent to initial recognition, the Group's financial liabilities are carried at amortized cost. 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 consolidated statement of income. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

This category generally applies to the Group's accounts payable and other current liabilities, loans payable, long-term debt, due to related parties and lease liabilities.

Reclassification

Reclassifications should be accounted for only when an entity changes its business model for managing financial assets. Changes to the business model are expected to be infrequent; the change is determined by the entity's senior management as a result of external or internal changes and must be significant to the entity's operations and should be evident to external parties. A change

in an entity's business model will occur when an entity either begins or ceases to perform an activity that is significant to its operations.

Reclassifications should be accounted for prospectively from the reclassification date. An entity should not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

Derecognition of Financial Instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when: (a) the rights to receive cash flows from the asset have expired; or (b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

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

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group controls the goods or services before transferring them to the customer.

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

(a) Revenues within the scope of PFRS 15

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. When the Group provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Revenue from sale of goods

Revenue from sale of goods is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of the inventory item.

Revenue from schools and related operations

Revenue from tuition fees and other matriculation fees are recognized over time as revenue over the corresponding school term using the output method (i.e., time lapsed over the service period such as semester or school year, depending on the curriculum registered). Upon enrollment, students have the option to pay the tuition and other matriculation fees in full or installment.

Admission, examination and other fees are recognized as income when examination has been granted by the school and related services have been provided to the students (at point in time).

Revenue from sale of services

Under the Group's service agreements with its customers, the Group is expected to provide services in exchange for consideration. As provision of these services constitutes a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer (i.e., the good or service would be recognized over time using the same measure of progress), this was treated by the Group as a single performance obligation. Because the services are simultaneously provided and consumed by the customer, the Group's performance obligation to render such services qualifies for revenue recognition over time by applying par. 35(a) of PFRS 15. The Group recognizes revenue from sale of services by applying the "right to invoice" practical expedient since the Group's right to payment is for an amount that corresponds directly with the value to the customer of the Group's performance to date.

Fee income

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees and charges are recognized as revenue over the period in which the related services are performed.

(b) Revenue outside the scope of PFRS 15

Premiums revenue – Life insurance business

Recurring premiums from life insurance contracts are recognized as revenue when payable by the policyholder. For single premium business, revenue is recognized on the date from which the policy is effective. For regular premium contracts, revenue is recorded at the date when payments are due.

Estimates of premiums due as of the reporting date but not yet received are assessed based on the estimates from underwriting or past experience, and are included in premiums earned.

Ceded reinsurance recoveries are accounted for in the same period as the underlying claim. Premiums from group insurance contracts are recognized as revenue over the period of the contracts using the 365th method. The portion of the premiums written that relates to the unexpired periods of the policies at the end of the reporting period is accounted for as 'Provision for unearned premiums' and presented as part of "Insurance contract liabilities" in the consolidated statements of financial position.

Premiums revenue – Nonlife insurance business

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods.

Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the premiums written that relate to the unexpired periods of the policies at end of the reporting period are accounted for as "Provision for unearned premiums" as part of "Insurance contract liabilities" and presented in the liabilities section of the consolidated statements of financial position. The related reinsurance premiums ceded that pertains to the unexpired periods at end of the reporting period are accounted for as "Deferred reinsurance premiums" and shown as part of reinsurance assets in the consolidated statements of financial position. The net changes in these accounts between each end of reporting periods are recognized in profit or loss.

Reinsurance commissions

Commissions earned from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the commissions that relates to the unexpired periods of the policies at end of the reporting period are accounted for as “Deferred reinsurance commissions” and presented in the liabilities section of the consolidated statement of financial position.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Contract balances arising from revenue with customer contracts

Receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The Group presents each contract with customer in the consolidated statement of financial position either as a contract asset or a contract liability.

(c) Revenues within the scope of PFRS 9

Interest income on investment securities at amortized cost and FVOCI

For all investment securities measured at amortized cost and FVOCI, interest income is based on EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR used to discount future cash flows. Interest income on Stage 1 and 2 accounts are recognized based on their gross carrying amounts while interest income on Stage 3 accounts are recognized on their net carrying amounts.

Interest income on financial assets at FVTPL

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognized using the modified EIR method which considers amortization of premium and discount and is included under "Interest income on financial assets at FVTPL".

Trading and securities gain (loss) - net

This results from trading activities including all gains and losses from changes in fair value of financial assets and financial liabilities at FVTPL and gains and losses from the disposal of investment securities at FVTPL and FVOCI. Cost of investment securities sold is determined using the specific identification method.

Gain or loss from disposals of investment securities at FVOCI and at amortized costs are presented separately in the profit or loss.

Expenses

Expenses are recognized in the consolidated statement of income when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of sales and services

Cost of sales is recognized as an expense when the related goods are sold. Cost of services include all direct materials and labor costs and those indirect costs related to contract performance which are recognized as incurred.

General and administrative expenses

Administrative expenses constitute costs of administering the business and are expensed as incurred.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). NRV is the selling price in the ordinary course of business, less the estimated costs of completion of inventories and the estimated costs necessary to sell.

Cost includes purchase price and other costs directly attributable to its acquisition such as non-refundable taxes, handling and transportation cost.

Cost of inventories is generally determined primarily using the moving-average method, except for automotive units of the car dealerships, which are accounted for using the specific identification method.

Prepaid Expenses

These are recorded as asset before they are utilized and apportioned over the period covered by the payment and charged to the appropriate account in the consolidated statement of income when incurred.

Creditable Withholding Tax (CWT)

CWT pertains to the tax withheld source by the Group's customers and lessees and is creditable against its income tax liability.

Value-Added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position up to the extent of the recoverable amount.

Short-Term Investments

Short-term investment pertains to interest bearing time deposits with terms of not more than one year and held for investment purposes.

Other Current Assets

Other current assets pertain to other resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group within the reporting period.

Investments in Associates and Joint Ventures

An associate is an entity in which the Group has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under this method, the investment amount is increased or decreased to recognize the Group's share in the profit or loss of the investee after the date of acquisition. Dividends received from the investee reduces the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the investee arising from changes in the investee's other comprehensive income.

Gains and losses resulting from 'upstream' and 'downstream' transactions between the Group and its associate or joint venture are recognized in the consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture.

The reporting dates and the accounting policies of the associates and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

The Group discontinues applying the equity method when their investment in investee company is reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee company. When the investee company subsequently reports net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee company and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associates and joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associates and joint venture is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and

its carrying value and recognizes the impairment loss in the consolidated statement of income. Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associates or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties

Investment properties are measured at cost less impairment loss, if any, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Except for land, depreciation is computed using the straight-line method over the following average EUL:

	Years
Building and building improvements	10-50
Other equipment	12.5

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Minor repairs and maintenance costs are charged to consolidated statement of income as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost or revalued amount, appraisal increase, and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are reflected in the consolidated statement of income.

Investment properties are derecognized when they either have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation and commencement of an operating lease to another party. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from owner-occupied property to investment property, the deemed cost for subsequent accounting is the fair value at the date of change in use. Upon transfer of an asset accounted for under revaluation model to asset accounted for under cost model, any revaluation reserve relating to such particular asset is transferred to retained earnings upon disposal.

Property and Equipment - At Cost

Property and equipment, except for land, are stated at cost, less accumulated depreciation, amortization, and impairment loss, if any. The initial cost of property and equipment consists of its purchase price, including import duties, taxes, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property

and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as part of current operations.

Depreciation is computed using the straight-line method over the following average EUL:

	Years
Buildings and improvements	10-50
Machinery, tools, and other equipment	3-15
Transportation and service equipment	5
Furniture, fixtures and office equipment	5

Amortization of improvements is computed over the EUL of the improvement or term of the lease, whichever is shorter.

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Minor repairs and maintenance costs are charged to consolidated statement of income as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the cost or revalued amount, appraisal increase, and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are reflected in the consolidated statement of income.

Construction in progress represents property and equipment under construction and is stated at cost. This includes cost of construction, plant and equipment and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and put into operational use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation and amortization are credited to or charged against current operations.

Property and Equipment - At Revalued Amount

Land is carried at its revalued amount. The appraised values used for revaluation were determined by an independent firm of appraisers.

The initial cost of land consists of its purchase price and directly attributable costs of bringing the asset to its working condition and location for its intended use.

The appraisal increment (net of deferred tax) resulting from the revaluation is credited to OCI and accumulated in equity under "revaluation increment on land - net" account. Decreases in valuation is charged to profit or loss, except to the extent that it reverses the existing accumulated revaluation increment on the same asset and therefore such decrease is recognized in OCI. The decrease recognized in OCI reduces the revaluation increment on land - net account in equity. In case a subsequent revaluation increase of an asset reverses a revaluation decrease previously recognized in profit or loss, such increase is credited to income in profit or loss.

The same rules apply to impairment losses. An impairment loss on a revalued asset is first used to reduce the revaluation increment for that asset. Only when the impairment loss exceeds the amount in the revaluation increment for that same asset is any further impairment loss recognized in profit or loss.

Upon disposal of land, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Impairment of Nonfinancial Assets

For investments in associate and joint venture, property and equipment, right-of-use asset and investment properties, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

Impairment losses are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. Before recognizing a gain on a bargain purchase, the Group assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and recognize any additional assets or liabilities that are identified in that review.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

Combination of Entities under Common Control

The Group applies pooling-of-interests method for combination of entities under common control. The pooling-of-interests method generally involved the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair value or recognize any new assets or liabilities at the date of combination. The only adjustments that are made are those adjustments to harmonize the accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the entity acquired is reflected within equity.
- The consolidated statement of income, comprehensive income and cash flows reflect the result of the combining entities in full, irrespective of when the combination takes place.
- Comparative financial information are presented as if the entities had always been combined, or on date the common control existed on the combining entities, whichever comes earlier.
- The effects of any intercompany transactions are eliminated to the extent possible.

Intangible Assets Other Than Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Subsequently, intangible assets are measured at cost less accumulated amortization and provision for impairment loss, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The estimated useful life of intangible assets is assessed as either finite or indefinite. The estimated useful lives of intangible assets are as follows:

	Number of Years
Intellectual property rights	Indefinite
Student relationship	5-7

The estimated useful lives of intangible assets with finite lives are assessed at the individual asset level. Intangible assets with finite lives are amortized over their estimated useful lives on a straight-line basis. Periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

A gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible assets and is recognized in the consolidated statement of comprehensive income when the intangible asset is derecognized.

Right-of-use Assets and Lease Liabilities

The Group recognizes right-of-use assets and lease liabilities on contracts that qualify as leases under PFRS 16. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases of office space. It also applies the low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group 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 consolidated statement of profit or loss due 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.

Insurance Contract Liabilities - Life

Life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts is calculated on the basis of a stringent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing at the inception of the contract. Assumptions and actuarial valuation methods are also subject to provisions of the Insurance Code (the Code) and guidelines set by the IC.

Subsequently, new estimates are developed at each reporting date to determine whether the liabilities reflect the current experience using the gross premium valuation which considers assumptions on mortality, morbidity, lapse and/or persistency, expenses, non-guaranteed benefits, discount rate and margin for adverse deviation. The initial assumptions could not be altered if the Group deems the current assumptions to still be reflective of their experience. As a result, the effect of changes in the underlying variables on insurance liabilities and related assets is not symmetrical. Improvements and significant deteriorations in estimates have an impact on the value of the liabilities and related assets.

Movements in legal policy reserves attributable to changes in discount rate are recorded under "Remeasurement on legal policy reserves" in other comprehensive income and the changes in policies and assumptions are recorded under "Gross change in legal policy reserves" in the statement of income.

Insurance contracts with fixed and guaranteed terms

Premiums are recognized as revenue when they become due from the policyholders which for single premium business, is the date on which the policy becomes effective. Benefits are recorded as an expense when they are incurred and are accrued as a liability.

An increase in liability for contractual benefits that are expected to be incurred in the future is recorded under 'Change in legal policy reserves' in the Group statements of income when the premiums are recognized. The liability is determined as the sum of the present value of future benefits and expenses, less the present value of the future gross premiums arising from the policy contract discounted at the appropriate risk-free discount rate. The expected future cash flows is determined using the best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

The liability is based on actuarial assumptions such as mortality and morbidity, maintenance expenses, and lapse and/or persistency rates that are established at the time the contract is issued. A margin for adverse deviation (MfAD) is also included in the assumptions. For group life insurance and accident and health insurance, reserves are computed by calculating the unearned portion of the written premiums for the year.

Provision is also made for the cost of claims incurred but not reported (IBNR) as of the reporting date based on the Group's experience. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in the consolidated statement of income in later years. Policy and contract claims payable forms part of the insurance contract liability section of the consolidated statement of financial position.

Unit-linked insurance contracts

The Group issues unit-linked insurance contracts. In addition to providing life insurance coverage, a unit-linked contract links payments to insurance investment funds set-up by the Group with consideration received from the policyholders. As allowed by PFRS 4, the Group chose not to unbundle the investment portion of its unit-linked products. Premiums received (including premium load and bid-offer spread) from the issuance of unit-linked insurance contracts are recognized as premium revenue. Consideration received from policyholders that are transferred to the segregated funds is recognized as part of gross change in legal policy reserves in the statements of income.

The Group withdraws the cost of insurance and administrative charges from the consideration received from the policyholders in accordance with the provisions of the unit-linked insurance contracts. After deduction of these charges, the remaining amounts in fund assets are equal to the surrender value of the unit-linked policies, and are withdrawable anytime.

The investment returns on the insurance investment funds belong to policyholders and the Group does not bear the risk associated with these assets (outside of guarantees offered). Accordingly, investment income earned and expenses incurred by these funds and payments to policyholders have the same corresponding change in the reserve for unit-linked liabilities. Management fee income earned by the Group for managing the insurance investment funds and the monthly load and cost of insurance charges are included in fee income.

Insurance investment funds primarily include investments in debt securities, equities, short-term investments and cash and cash equivalents. The methodology applied to determine the fair value of the investments held in these funds is consistent with that applied to investments held by general fund. Segregated fund liabilities is measured based on the value of the insurance investment funds attributable to the policyholders.

The equity of each unit-linked policyholder in the fund is monitored through the designation of outstanding units for each policy. Hence, the equity of each unit-linked insurance contract in the fund is equal to its total number of outstanding units multiplied by the net asset value per unit (NAVPU). The NAVPU is the market value of the fund divided by its total number of outstanding units.

Policy and contract claims payable

Claims payable includes the sum of the individual amounts that are due and have already been approved for payment but have not actually been paid as of the end of the reporting period. This also includes accrual of reported claims that are not yet approved for payment. This is recognized when due and measured on initial recognition at fair value. Subsequent to initial recognition, this is measured at amortized cost using the EIR method. This also includes provision for incurred but not reported losses.

Insurance Contract Liabilities - Nonlife

Insurance contract liabilities are recognized when contracts are entered into and premiums are charged.

Provision for claims reported and Incurred but not reported (IBNR) losses

Provision for claims reported and IBNR losses are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of which cannot be known with certainty at the reporting date. The IBNR is calculated based on standard actuarial projection techniques or combination of such techniques, such as but not limited to the chain ladder method, the expected loss ratio approach,

the Bornhuetter - Ferguson method. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision.

Premium liabilities

Premium liabilities are equal to the Unearned Premium Reserves (UPR), plus the difference between the Unexpired Risk Reserves (URR) and the UPR net of Deferred Acquisition Cost (DAC), if the the URR is higher than UPR net of DAC. Otherwise, it is equal to the UPR.

Provision for unearned premiums

The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired is deferred as provision for unearned premiums. This is accounted for as “Provision for unearned premiums” as part of “Insurance contract liabilities” and presented in the liabilities section of the statement of financial position. Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The change in the provision for unearned premiums is taken to profit or loss in order that revenue is recognized over the period of risk. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

Provision for unexpired risk

Provision for unexpired risk is the best estimate that relates to expected future claim payments and related expenses to be incurred after the valuation date, arising from future events. This shall be calculated as the best estimate of future claims and expenses for all classes of business, with MfAD.

Other insurance contract liabilities

Other insurance contract liabilities include advanced or excess collections and unpaid policy related disbursements.

Reinsurance

The Group cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies for its share on the unpaid losses incurred by the Group. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract. Reinsurance recoverable on paid losses are included as part of “Insurance receivables”.

Reinsurance assets are reviewed for impairment at each end of the reporting period or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the statement of income.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for insurance contracts. Premiums and claims on assumed reinsurance are recognized in profit or loss as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

When the Group enters into a proportional treaty reinsurance agreement for ceding out its insurance business, the Group initially recognizes a liability at transaction price. Subsequent to initial recognition, the portion of the amount initially recognized as a liability which is presented as “Insurance payables” in the liabilities section of the consolidated statement of financial position will be withheld and recognized as “Funds held for reinsurers” and included as part of the “Insurance payables” in the liabilities section of the consolidated statement of financial position. The amount withheld is generally released after a year.

Deferred Acquisition Costs (DAC)

Commissions and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. All other acquisition costs are recognized as expense when incurred.

Subsequent to initial recognition, these costs are amortized using the 24th method over the life of the contract. Amortization is charged against the profit or loss. The unamortized acquisition costs are shown as “Deferred acquisition costs” in the assets section of the statement of financial position.

An impairment review is performed at each end of the reporting period or more frequently when an indication of impairment arises. The carrying value is written down to the recoverable amount. The impairment loss is charged to profit or loss. DAC is also considered in the liability adequacy test for each end of the reporting period.

Foreign Currency-denominated Transaction and Translation

The consolidated financial statements are presented in Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate at the reporting date. All differences are taken to consolidated statements of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at reporting date, the assets and liabilities of subsidiaries whose functional currency is not the Philippines Peso are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date, and the consolidated statements of income accounts are translated at monthly weighted average exchange rate. Likewise, the financials of the Group’s associate whose functional currency is not the Philippine Peso that is accounted for under equity method are translated to the presentation currency of the Parent Company in a similar manner. The exchange differences arising on the *translation* are taken directly to a separate component of equity under “Cumulative translation adjustments” account.

Upon disposal of a foreign subsidiary, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the consolidated statements of income.

Retirement Cost

Defined benefit plan

The defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reduction in the future contributions to the plan.

Defined benefit costs on the Group's defined benefit retirement plan are actuarially computed using the projected unit credit (PUC) valuation method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to the services rendered in the current period.

Defined benefit costs comprise the following:

- (a) service cost;
- (b) net interest on the net defined benefit liability or asset; and
- (c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Tax

Current 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 tax rates and the tax laws used to compute the amount are those that are enacted or substantially enacted by the end of the financial reporting date.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused MCIT and NOLCO can be utilized.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associate and interest in joint venture. With respect to investments in foreign subsidiaries, associate and interest in joint venture, deferred tax liabilities are recognized except 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.

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

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

Deferred tax relating to items recognized outside profit or loss are recognized in correlation to the underlying transactions either in other comprehensive income or directly in equity.

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

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the year attributable to equity holders of the Parent Company adjusted for the after-tax amounts of dividends on preferred stock by the weighted average number of common stock outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits.

Diluted EPS is computed by adjusting the net income attributable to ordinary equity holders of the Parent Company to reflect any changes from dilutive potential shares divided by the weighted average number of common stock outstanding during the year after giving retroactive effect for any stock dividends, stock splits or reverse stock splits and adjusted for the effects of all dilutive potential common stock.

The calculation of diluted EPS does not assume conversion, redemption, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share. As there are no potential dilutive ordinary shares, basic and diluted EPS are stated at the same amount.

Provisions

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

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

Stock Option Plan

No benefit expense is recognized relative to the shares issued under the stock options plan. When the shares related to the stock option plans are subscribed, these are treated as capital stock issuances. The stock option plan is exempt from PFRS 2, *Share-based Payment*.

Segment Reporting

The Group's operating business are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 35.

Capital Stock

The Group records common stocks at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity shares. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Treasury Shares

When the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity (Note 32).

Equity Reserves

Equity reserves consist of equity transactions other than capital contributions, such as equity transactions arising from transactions with NCI and difference between considerations paid or transferred and the net assets of the entity acquired through business combinations involving entities under common control.

Retained Earnings

Retained earnings represent accumulated earnings of the Group and any adjustment arising from application of new accounting standards, policies or corrections of errors applied retroactively less dividends declared. It includes the accumulated equity in undistributed earnings of consolidated subsidiaries which are not available for dividends until declared by subsidiaries. Appropriated retained earnings are those that are restricted for planned investments and business expansion. Unappropriated retained earnings are those that can be allocated for specific purposes and can be distributed as dividend. Retained earnings are further restricted for the payment of dividends to the extent of the cost of treasury shares (Note 33).

Events After the Financial Reporting Date

Post year-end events that provide additional information about the Group's position at the end of the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRSs requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

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 could differ for such estimates.

Judgment

Determining control over an entity in which Parent Company holds less than majority of voting rights

The Parent Company holds 40% of interest in RTrust. The Parent Company exercise control over RTrust by virtue of its power to nominate executive positions such as President, and CEO, thereby, exercising control and supervision over RTrust operations as well as financing activities. As such, the Parent Company is able to exercise control even if ownership is less than 50%.

The Parent Company has determined that it is still the largest stockholder of IPO with 49.99% equity interest and continues to have control over IPO by virtue of its power to nominate majority of the members of the BOD of IPO thereby exercising control and supervision on IPO's operations as well as financing activities. Accordingly, the Parent Company assessed that IPO continues to be a subsidiary even though it owns less than 50% equity interest over IPO after the merger.

Determination of significant influence on investment in an associate if ownership is less than 20%
Holding of less than 20% of voting rights is presumed not to give rise to significant influence unless it can be clearly demonstrated that there is in fact significant influence. The Parent Company is able to exercise significant influence for ownership less than 20% because it has an active participation in the policy-making process including operating decisions of the investee.

As of June 30, 2026 and December 31, 2025, the Parent Company holds 10% of interest in RRC. The Parent Company exercises significant influence in RRC since the Parent Company's President is the concurrent president of RRC. The president is also a member of the BOD. As such, the president of the Parent Company effectively has a participation in the policy-making process of RRC. Hence, the Parent Company is able to exercise significant influence even if ownership is less than 20%.

Determination of functional currency

PAS 21, *The Effects of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the following were considered:

- The currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
- The currency in which funds from financing activities are generated; and
- The currency in which receipts from operating activities are usually retained.

The functional currency is Philippine peso as disclosed in Note 2.

Determination of lease term of contracts with renewal and termination options - Group as a lessee

The Group has several lease contracts that include extension and termination options. The Group applies judgement 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 Group 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).

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to ten years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of land and office spaces with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised.

Recognition of schools and related operations fees over time

The Group determined that schools and related operations fees are to be recognized over time using the output method on the basis of time lapsed over the service period since it provides a faithful depiction of the Group's performance in transferring control of the services to the students. The fact that another entity would not need to re-perform the service that the Group has provided to date demonstrates that the customer or the student simultaneously receives and consumes the benefits of the Group's performance as it performs (Note 25).

Product classification

The Group has determined that the unit-linked insurance policies it issues that link the payments on the contract to units of an internal investment fund has significant insurance risk and therefore meets the definition of an insurance contract and should be accounted for as such. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Claims liability arising from insurance contracts

Life Insurance Contracts

For life insurance contracts with fixed and guaranteed terms, estimates are made in two stages. At the inception of the contracts, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. Then, throughout the life

of the contract, these assumptions are used for calculating the liabilities. A margin for risk and uncertainty is added to these assumptions.

Terms

Life insurance contracts offered by the Group mainly include whole life, term insurance, endowments, group medical insurance and unit-linked products.

Whole life and term insurance are conventional products where lump sum benefits are payable on death, provided death occurs within the terms of the policy.

Endowment products are products where lump sum benefits are payable after a fixed period or upon death if it occurs before the period is completed.

Group medical insurance is a supplementary benefit that provides assistance in times of hospitalization arising from sickness or accidents.

Unit-linked products differ from conventional policies in that premium, net of applicable charges, are allocated to units in a pooled investment fund and the policyholder benefits directly from the total investment growth and income of the fund.

Key assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions relating to insurance and investment contracts. Assumptions used are based on past experience, current internal data and conditions and external market indices and benchmarking, which reflect current observable market prices and other published information. Such assumptions are determined as appropriate and prudent estimates at the date of valuation. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. Assumptions are also subject to the provisions of the Code and guidelines set by the IC.

The key assumptions to which the estimation of liabilities is particularly sensitive follows:

- *Mortality and morbidity*
The mortality and morbidity assumptions are based on rates of mortality and morbidity that are appropriate to the nature of the risks covered based on the Group's actual experience.
- *Discount rates*
Discount rates relate to the time value of money. The risk-free discount rate shall be the equivalent zero-coupon spot and forward yield of the yield curve with matching duration for durations less than or equal to 20 years. The valuation interest rate assumptions are consistent with risk free rates as provided by IC.

The assumptions are reviewed and revised at each reporting date. A decrease in discount rate would result in remeasurement loss on life insurance reserves.
- *Non-guaranteed benefits*
The level of non-guaranteed benefits under traditional life insurance policies to be valued, including policy dividends, are determined with due regard to the Company's duty to treat its policyholders fairly and meet policyholders' reasonable expectations.
- *Lapses and/or persistency rates*
Lapse and/or persistency rates reflective of the Company's actual experience are taken as the best estimate lapse and/or persistency assumption, with regard to changing Company practices and market conditions.

Other key assumption used is the expense assumptions which are based on the Company's experience derived from its latest expense study

Nonlife insurance contracts

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of the IBNR claims at the reporting date. It can take a significant period of time before the ultimate claim costs can be established with certainty and for some type of policies, IBNR claims form the majority of the consolidated statement of financial position claims provision. The IBNR provision of the Group has been calculated using standard actuarial projection techniques using past development patterns to determine the expected future development and project the claim amounts for each accident year to its ultimate value. A number of different valuation methodologies have been adopted, each with their own strengths and blended them together which include: (a) paid chain ladder method (with and without Bornhuetter-Ferguson (BF) adjustments); (b) reported chain ladder method (with and without BF adjustments); and (c) expected loss ratio method. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision.

The main assumptions underlying the estimation of the claims provision is that an entity's past claims development experience can be used to project future claims development and hence, ultimate claims costs. Historical claims development is mainly analyzed by accident years, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based.

The carrying amounts of insurance contract liabilities are disclose in Note 24.

Leases - Estimating the incremental borrowing rate

The Group 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 Group 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 Group '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 Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱0.84 billion as of June 30, 2026 and December 31, 2025, respectively.

Fair value measurement of unquoted equity investments at FVOCI

The Group uses valuation techniques such as dividend discount model, adjusted net asset method, and others to estimate the fair value of unquoted investment. These valuation techniques require significant unobservable inputs to calculate the fair value of the Group's unquoted equity investments at FVOCI. These inputs include appraised value of real properties, discount rates, among others. Changes in assumptions relating to these factors could affect the reported fair value of these unquoted equity financial instruments.

The fair value of unquoted equity investments amounted to ₱2.10 billion as of June 30, 2026 and December 31, 2025, respectively (Note 13).

Provision for expected credit losses of trade receivables and contract assets

The Group uses the simplified approach in calculating the ECL of its trade receivables and contract assets wherein the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The model is based on the Group's historical default rates and adjusted to include forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As of June 30, 2026 and December 31, 2025, the aggregate carrying values of receivables are disclosed in Note 7 to the consolidated financial statements.

Valuation of land under revaluation basis

The Group's parcels of land are carried at revalued amounts. The valuations of these parcels of land were performed by SEC accredited independent appraisers and were determined using the market approach. Significant adjustments to inputs used in determining the fair value of land such as location and utility could affect the appraised value of the assets.

Land carried under revaluation basis amounted to ₱16.05 billion as of June 30, 2026 and December 31, 2025, respectively. The key assumptions used to determine the fair value of the parcels of land are disclosed in Note 16.

Impairment of nonfinancial assets

The Group assesses impairment on its nonfinancial assets other than goodwill and intellectual property rights whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for overall business, and significant negative industry or economic trends.

Impairment of Goodwill and Intellectual property rights are assessed at least on an annual basis. In assessing the impairment, the Group determines the recoverable amount using value in use with detailed disclosures made in Notes 18.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

As to the Group's property and equipment, right-of-use asset and goodwill, no impairment loss was recognized for the periods ended June 30, 2026 and December 31, 2025 (Notes 16 and 18).

Impairment of Student relationship and Intellectual property rights are assessed at least on an annual basis. In assessing the impairment, the Group determines the recoverable amount using value in use with detailed disclosures made in Note 18 and 19.

Estimation of retirement benefits

The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement and other obligations.

Retirement assets amounted to ₱126.06 million and ₱126.01 million as of June 30, 2026 and December 31, 2025, respectively whereas retirement liabilities amounted to ₱768.66 million and ₱807.38 million as of June 30, 2026 and December 31, 2025, respectively.

Realizability of deferred tax assets

The Group reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Where there is no absolute assurance that each legal entity in the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized, deferred tax assets are not recognized.

Classification of CWT

The Group classify its CWT as current when it is expected to be realized (e.g., will be used as tax credit against income taxes due) for at least twelve months after the reporting period. The portion of CWT that is expected to be realized after twelve months after the reporting period is classified as noncurrent.

CWT recognized by the Group are disclosed in Notes 12 and 19 to the consolidated financial statements.

Provisions and contingencies

The Group is currently involved in various proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Management does not believe that these proceedings will have a material adverse effect on the Group's financial statement because management and its legal counsels believe that the Group has substantial legal and factual bases for its position.

6. Cash and Cash Equivalents

This account consists of:

	2026	2025
Cash on hand and in banks	₱3,561,088,131	₱3,535,397,112
Cash equivalents	4,923,964,758	4,357,571,657
	₱8,485,052,889	₱7,892,968,769

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents have terms with varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earns annual interest at the respective rates.

Interest income from cash in banks and short-term investments amounted to ₱80.40 million, ₱83.27 million, and ₱72.93 million for the period ended June 30, 2026, 2025 and 2024, respectively.

7. Receivables

This account consists of:

	2026	2025
Trade		
Financial services		
Insurance	₱8,184,791,888	₱7,283,342,187
Trust and asset management	189,676,652	170,318,775
Education	2,121,463,029	2,293,899,247
Car dealership	311,129,080	332,329,049
Other services	199,671,808	209,543,352
Other receivables		
Accrued interest receivable	678,934,120	577,961,937
Advances to officers and employees	75,580,285	76,267,392
Receivables from car plant	36,895,381	33,998,805
Accrued referral incentives	14,185,790	24,999,108
Receivable from customers	8,998,698	6,542,271
Advances to suppliers and contractors	5,740,668	3,907,012
Dividends receivable	40,538	12,852,436
Others	70,521,362	64,025,033
	11,897,629,299	11,089,986,604
Less allowance for impairment	644,377,477	613,143,869
	₱11,253,251,822	₱10,476,842,735

Trade receivables

The trade receivables are noninterest-bearing and collectible within one (1) year which consists of the following:

Insurance receivables

Premiums due and uncollected premiums arise from uncollected premiums on in-force policies which are collectible within the Group's grace period. Due from ceding companies are premiums receivable for assumed business from other insurance and reinsurance companies.

The amount of funds held by ceding companies is a percentage of the premiums, as stipulated in the treaty contracts. The reinsurance recoverable on paid losses is the amount recoverable from the reinsurers and retrocessionaires in respect of claims already paid by the Group.

Receivables from education

Receivables from education represent amounts arising from tuition and other matriculation fees which are normally collected at end of every school term before the students can proceed to the next term. This also includes receivable from Department of Education amounting to ₱160.52 million and ₱225.40 million as at June 30, 2026 and December 31, 2025, respectively, arising from the Senior High School (SHS) Voucher Program wherein qualified SHS students are given assistance on tuition fees. These receivables are noninterest-bearing and are generally collectible within one year.

Receivables from car dealership / automotive

Receivables from car dealership represent amounts arising from the sale of car, parts and accessories and services collectible within 30 days.

Receivables from other services

Receivables from other services represent amounts arising from management and consultancy services provided by the Group generally collectible within 30 days.

No trade receivables were used as collaterals to secure obligations as of June 30, 2026 and December 31, 2025.

Other receivables

Advances to officers and employees are interest-bearing and repaid on a monthly basis through salary deductions.

Receivable from customers

As of June 30, 2026 and December 31, 2025, receivable from customers amounted to ₱9.00 million and ₱6.54 million, respectively.

Receivables classified as “Others” consist of interest, commission, insurance, and various receivables.

8. Segregated funds

Segregated fund assets

The group issues unit-linked insurance contracts. Premiums received from issuance of unit-linked insurance contracts are recognized as premium revenue. The consideration received from policyholders that are transferred to the segregated funds is recognized as part of the gross change in legal policy reserves in the statement of income. Cost of insurance and administrative charges are withdrawn from the consideration received from policyholders in accordance with the provisions of the unit-linked insurance contracts. After deduction of these charges, the remaining amounts in the fund assets are equal to the surrender value of unit-linked policies and are withdrawable anytime.

This account consists of the following:

	2026	2025
Variable-unit linked fund	₱58,666,883,909	₱49,029,028,334
GEM trust fund	—	—
	₱58,666,883,909	₱49,029,028,334

Variable-unit linked (VUL) fund

This fund consists of:

	2026	2025
Net asset value of segregated funds	₱59,276,516,741	₱49,610,248,172
Seed capital in segregated funds	(609,632,832)	(581,219,838)
	₱58,666,883,909	₱49,029,028,334

Subscriptions allocated to unit-linked funds represent the investment portion of variable unit-linked policies issued by the Group which were subsequently invested to unit-linked funds at the discretion of the policyholder.

The Group issues variable unit-linked insurance contracts where payments to policyholders are linked to internal investment funds set up.

9. Reinsurance Assets

This account consists of:

	2026	2025
Reinsurance recoverable on unpaid losses	₱7,728,018,786	₱7,645,495,129
Deferred reinsurance premiums	4,243,434,794	3,708,936,689
	₱11,971,453,580	₱11,354,431,818

Reinsurance recoverable on unpaid losses represents balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

Deferred reinsurance premiums related to reinsurance premiums ceded that pertain to the unexpired periods at end of the reporting period.

10. Inventories

This account consists of:

	2026	2025
Merchandise:		
Automotive units	₱320,603,304	₱364,010,821
Parts, service materials and accessories	130,995,398	124,621,527
Others	612,090	506,588
Subtotal	452,210,792	489,138,936
Less: Allowance for inventory obsolescence	30,695,019	30,806,617
	₱421,515,773	₱458,332,319

Merchandise includes automotive units, parts and accessories, food and beverages, bookstore inventory, among others.

Spare parts and supplies pertain to inventory items used in the repair and maintenance of the Group's property and equipment.

The Group recognizes inventory write-down whenever the net realizable value (NRV) of the existing inventories is lower than its cost.

The Group recognizes inventory write-down whenever the net realizable value (NRV) of the existing inventories is lower than its cost. The cost of inventories with allowance for inventory obsolescence amounted to ₱30.70 million and ₱30.81 as of June 30, 2026 and December 31, 2025.

The rollforward of allowance for inventory obsolescence is as follows:

	2026	2025
Balance at beginning of year	₱30,806,617	₱35,738,515
Provision (Recoveries)	(111,598)	(4,931,898)
Write-off	—	—
Balance at end of year	₱30,695,019	₱30,806,617

No inventories were pledged as security to obligations as of June 30, 2026 and December 31, 2025.

11. Loans receivable

This account consists of:

	2026	2025
Long-term commercial papers	₱1,207,142,001	₱1,277,839,183
Policy loans	704,843,262	895,193,466
Due from:		
Agents	26,912,452	26,654,361
Held for trust	21,377,038	21,244,766
GEM trust fund	962,325	962,325
Others	602,144,688	330,256,777
	2,563,381,766	2,552,150,878
Less: Allowance for impairment	13,040,897	13,407,425
	₱2,550,340,869	₱2,538,743,453

Long-term commercial papers pertain to the Group's investments in unquoted private debt securities and corporate notes with annual interest rates ranging from 5.85% to 7.26% as of June 30, 2026 and December 31, 2025, respectively, and maturities ranging from 2026 to 2035 and 2025 to 2031 as of June 30, 2026 and December 31, 2025, respectively.

Policy loans pertain to interest-bearing loans granted to policyholders. The policyholders' cash surrender values on their life insurance policies serve as collateral on the loans. Interest charged on these loans is at 6%-8% per annum on Peso and US Dollar loans, equivalent to the ceiling rates mandated by the IC.

The rollforward of allowance for impairment of loans receivable is as follows:

	2026	2025
Balance at beginning of year	₱13,407,425	₱5,865,171
Provisions (Recovery)	(366,528)	7,542,254
Effect of common control business combination	—	—
Balance at end of year	₱13,040,897	₱13,407,425

12. Prepaid Expenses and Other Current Assets

This account consists of:

	2026	2025
Prepaid expenses	₱535,864,882	₱504,478,921
CWTs	216,960,996	198,070,086
Input VAT	158,526,709	31,931,056
Miscellaneous deposits	141,846,116	86,759,336
Unused supplies	38,108,399	34,446,870
Prepaid taxes	29,896,539	18,077,410
Short-term investments	8,867,339	9,341,643
Other current assets	146,144,875	148,588,453
	1,276,215,855	1,031,693,775
Less allowance for impairment	8,690,513	8,690,513
	₱1,267,525,342	₱1,023,003,262

Prepaid expenses mainly include prepayments for membership fees, subscriptions, rentals and insurance, among others.

CWTs pertain to unutilized creditable withholding tax which will be used as tax credit against income taxes due. CWTs were classified as current are assessed to be utilized the following year.

Miscellaneous deposits mainly represent the Group's refundable rental, utilities and guarantee deposits on various machinery and equipment items.

Short-term investments earn interest at the prevailing investment rates and have maturity of less than one year. These include investments held for government and private entities for the purpose of undertaking socio-economic studies and development projects.

Others include various deposits and other supplies, among others.

13. Financial Assets

A. Financial assets at fair value through profit or loss (FVTPL)

This account consists of:

	2026	2025
Unquoted debt securities	₱9,976,875,974	₱7,810,204,673
Seed capital in variable unit-linked segregated funds	609,632,832	581,219,839
Mutual funds	593,180,789	816,674,892
Listed equity shares	360,670,618	540,424,745
Private debt securities	685,811,212	333,850,321
Government securities	244,530,971	234,820,222
	₱12,470,702,396	₱10,317,194,692

Unquoted debt securities are with embedded derivatives features such as credit linked notes and foreign currency swap amounting to ₱9.98 billion and ₱7.81 billion in June 30, 2026 and December 31, 2025, respectively, and are designated as financial assets at FVPL. These investments are all denominated in local currency with interest rates ranging from 6.0% to 8.7% in 2026 and 2025. These credit-linked notes will expire in 2029 and 2033.

The rollforward of financial assets at FVTPL is as follows:

	2026	2025
Balance at beginning of year	₱10,317,194,692	7,903,390,740
Addition	5,597,427,468	4,404,979,676
Disposal	(3,116,483,577)	(2,206,897,240)
Effect of foreign currency	48,257,532	26,678,605
Fair value gains (losses)	(375,693,719)	189,042,911
Balance at end of year	₱12,470,702,396	₱10,317,194,692

The calculated range of fair values are based on the following combination of inputs/ methodologies:

- Underlying index's volatility
- Reference entity's credit risk
- Discount rate

B. Financial assets at fair value through other comprehensive income (FVOCI)

This account consists of:

	2026	2025
Quoted shares	₱24,555,890,067	₱24,885,479,837
Unquoted shares	2,102,313,939	2,104,953,476
	₱26,658,204,006	₱26,990,433,313

Movement in the fair value reserve recognized in other comprehensive income (net of tax effect) are follows:

	2026	2025
Attributable to equity holders of the parent:		
Balance at beginning of year	₱74,098,492	(₱352,644,065)
Income (loss) recognized in OCI	(690,990,949)	483,224,127
Reclassification	—	—
Disposal	(4,925,286)	(62,103,043)
Expected credit losses	4,467,200	5,621,473
Balance at end of year	(617,350,543)	₱74,098,492
Non-controlling interests:		
Balance at beginning of year	621,828,380	250,183,400
Income recognized in OCI	(470,450,087)	371,644,980
Balance at end of year	151,378,293	621,828,380
	(₱1,161,441,036)	₱854,869,107

Dividend earned from equity investments at FVOCI amounted to ₱15.59 million, ₱13.70 million, and ₱18.00 million in 2026, 2025, and 2024, respectively (Note 27).

No equity investments at FVOCI were pledged as security to obligations as of June 30, 2026 and December 31, 2025, respectively.

C. Investment securities at amortized cost

This account consists of:

	2026	2025
Government debt securities	₱5,622,905,071	₱5,013,472,605
Private debt securities	259,061,521	268,611,815
	₱5,881,966,592	₱5,282,084,420

Interest rate of investment securities at amortized cost are ranging from 1.65% to 8.00% as of June 30, 2026 and December 31, 2025, respectively.

No investment securities at amortized cost were pledged as security to obligations as of June 30, 2026 and December 31, 2025, respectively.

14. Investments in Associates and Joint Ventures

The Group's associates and joint venture accounted for using the equity method as of June 30 follows:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership	
				Jun 2026	Dec 2025
Associates:					
Hi-Eisai Pharmaceutical, Inc. (HEPI)	Philippines	Pharmaceutical	Philippine peso	50.00	50.00
Petroenergy Resources Corporation (PERC)	Philippines	Renewable energy	Philippine peso	30.57	30.57
Manila Memorial Park Cemetery, Inc. (MMPC)	Philippines	Funeral service	Philippine peso	26.48	26.48
Sojitz G Auto Philippines Corporation (SGAPC)	Philippines	Automotive distributor	Philippine peso	20.00	20.00
RCBC Realty Corporation (RRC)	Philippines	Realty	Philippine peso	10.00	10.00

The rollforward analysis of this account follows:

	2026	2025
<i>Acquisition cost:</i>		
Balance at beginning of year	₱2,885,785,250	₱2,845,785,250
Additions	—	40,000,000
Disposal	—	—
Reclassification	—	—
Effect of deconsolidation of a subsidiary	—	—
Balance at end of year	2,885,785,250	2,885,785,250
Accumulated impairment loss	(446,357,072)	(364,312,330)
<i>Accumulated equity in net earnings:</i>		
Balance at beginning of year	2,608,079,229	2,363,064,264
Equity in net earnings	223,951,523	331,509,408
Dividend received	(4,320,568)	(86,494,443)
Balance at end of year	2,827,710,184	2,608,079,229
<i>Share in other comprehensive gain (loss) of an associate:</i>		
Cumulative translation adjustments	35,002,552	35,002,552
Remeasurement gain (loss) on retirement liability	(6,930,750)	(7,955,357)
Revaluation increment	291,539	291,540
Changes in fair value of investments carried at FVOCI	645,769	645,769
	29,009,110	27,984,504
	₱5,296,147,472	₱5,157,536,653

RRC

RRC was incorporated on July 29, 1997 and is presently engaged in developing real estate and leasing condominium units for commercial and/or residential purposes.

PERC

In April 2019, the Parent Company purchased additional 4,153,651 shares of PERC, an entity listed with PSE, amounting to ₱17.8 million, resulting to an increase in ownership interest from 28.36% to 29.10%. In 2024, the Parent Company purchased 8,396,870 shares, increasing its ownership to 30.57%.

Its share price amounted to ₱3.55 and ₱3.50 per share as of June 30, 2026 and December 31, 2025, respectively.

MMPC

MMPC was incorporated and registered with the SEC on September 26, 1962 primarily to engage in development and sale of memorial lots.

SGAPC

On May 31, 2026, the Parent Company recognized an impairment loss of ₱82.04 million, representing the full carrying amount of its investment in SGAPC. Accordingly, the carrying amount of the investment was reduced to nil after management determined that the investment was no longer recoverable. (Note 27)

As of June 30, 2026 and December 31, 2025, no investments in associates were pledged as security to obligations.

15. Investment Properties

The rollforward analysis of this account follows:

	2026	2025
<i>Cost:</i>		
Balance at beginning of year	₱13,075,669,050	₱13,069,905,939
Additions	185,872	5,763,110
Disposals	(12,844,462)	—
Balance at year end	13,063,010,460	13,075,669,049
<i>Accumulated depreciation:</i>		
Balance at beginning of year	781,264,247	674,521,895
Depreciation	54,498,853	106,742,352
Balance at year end	835,763,100	781,264,247
	₱12,227,247,360	₱12,294,404,802

Properties classified as investment properties include the following:

- Parcel of land located in Makati owned by SLRHSI with the carrying value of ₱1.76 billion.
- Parcel of land, building and building improvements in Quezon City owned by the Parent with the carrying value of ₱1.60 billion.
- Parcel of land, building, building improvements and machinery and equipment situated in Taguig City owned by ATYC with carrying value of ₱5.91 billion.
- Parcel of land located in Tarlac with carrying value of ₱2.67 billion acquired by the Group in 2023. The acquisition includes cash paid in 2023 amounting to ₱534.63 million and the balance for installment payment is treated as noncash investing activity in the 2023 consolidated statement of cashflow. As of June 30, 2026 and December 31, 2025, the installment payable consist of the following:

	2026	2025
Current	₱757,448,262	₱757,448,262
Noncurrent	—	—
	₱757,448,262	₱757,448,262

As of December 31, 2025, the aggregate fair values of land amounted to ₱23.90 billion, which was determined based on valuation performed by an independent SEC accredited appraiser in 2024. The fair value of the land was determined using the market approach which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets and adjusted to reflect differences on size, and shape (Level 3 – Significant unobservable inputs).

Rental income derived from the investment properties amounted to ₱501.99 million, ₱460.39 million, and ₱363.18 million in 2026, 2025 and 2024, respectively. Total direct expenses incurred in relation to these investment properties amounted to ₱167.54 million ₱94.65 million, and ₱89.68 million in 2026, 2025 and 2024, respectively.

None of the investment properties were pledged as a security to obligations as of June 30, 2026 and December 31, 2025, respectively.

16. Property and Equipment

Property and equipment at revalued amount

Movements in the revalued land are as follows:

	2026	2025
Balance at beginning of year	₱16,051,401,089	₱15,015,152,509
Change in revaluation increment	–	1,111,324,580
Disposals	–	(75,076,000)
Balance at end of year	₱16,051,401,089	₱16,051,401,089

Land at revalued amounts consists of owner-occupied property wherein the school buildings, car dealership showroom, and other facilities are located.

As of December 31, 2025, the appraised values of the parcels of land were determined using the market approach which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets and adjusted to reflect differences on size, shape and terrain and location among others. The significant unobservable valuation input is price per square meter (level 3 – Significant unobservable inputs). The parcels of land were valued in terms of their highest and best use. The valuation was performed by an independent SEC-accredited appraiser as of December 31, 2025.

In 2025, the Group revalued its land based on the appraisals made by SEC accredited appraisers. As of June 30, 2026 and December 31, 2025, the cost of the parcels of land carried at revalued amounts amounted to ₱4.28 billion.

Property and equipment at cost:

The rollforward analysis of this account follows:

	2026	2025
<i>Cost</i>		
Land, Buildings and Improvements	₱5,999,554,165	₱5,779,422,622
Machinery, Tools & Construction Equipment	1,958,146,534	1,958,146,534
Transportation & Service Equipment	699,777,456	679,242,989
Furniture, Fixtures & Office Equipment	5,827,848,878	5,618,954,114
	14,485,327,033	14,035,766,259
Less: Accumulated Depreciation	(9,023,896,732)	(8,709,446,233)
	5,461,430,301	5,326,320,026
Construction in Progress	6,746,074,980	5,676,688,822
Net book value	₱12,207,505,281	₱11,003,008,848

None of the property and equipment were pledged as a security to obligations as of June 30, 2026 and December 31, 2025.

17. Deferred Acquisition Costs - net

The details of deferred acquisition costs follow:

	2026	2025
Balance at beginning of year	₱500,932,659	₱527,720,153
Cost deferred during the year	1,146,084,701	1,413,550,304
Amortized during the year	(1,059,594,031)	(1,440,337,798)
Balance at end of year	₱587,423,329	₱500,932,659

The details of deferred reinsurance commissions follow:

	2026	2025
Balance at beginning of year	₱241,302,345	₱245,799,378
Income deferred during the year	500,970,808	562,363,244
Amortized during the year	(409,810,921)	(566,860,277)
Balance at end of year	₱332,462,232	₱241,302,345

18. Goodwill

The carrying amount of goodwill allocated to each of the CGUs follows:

	2026	2025
MESI	₱137,583,345	₱137,583,345
IPO	32,644,808	32,644,808
Business combination of IPO and AEI	5,948,111	5,948,111
	₱176,176,264	₱176,176,264

Goodwill of MESI and IPO

The goodwill recognized in the consolidated statement of financial position amounting ₱137.85 million as at June 30, 2026 and December 31, 2025 pertains to the excess of the acquisition cost over the fair values of the net assets of MESI acquired by the Group through IPO in 1999.

In 2025 and 2024, Management assessed that the recoverable amount of the goodwill balances exceeds their carrying values, thus, no impairment loss should be recognized.

Key assumptions used in the value in use (VIU) calculation

The Group performed impairment testing on goodwill arising from acquisition of MESI wherein MESI was considered as the CGU. No impairment testing was done on the goodwill from business combination of IPO and AEI amounting to ₱13.5 million goodwill as the Group assessed it as not material to the consolidated financial statements. In 2025 and 2024, management assessed that no impairment loss should be recognized.

Key assumptions used in the value in use (VIU) calculation

The Group performed impairment testing on goodwill arising from acquisition of MESI wherein MESI was considered as the CGU. No impairment testing was done on the goodwill from business combination of IPO and AEI amounting to ₱5.95 million goodwill as the Group assessed it as not material to the consolidated financial statements. In 2025 and 2024, management assessed that no impairment loss should be recognized.

Key assumptions used in the value in use (VIU) calculation

As at December 31, 2025 and 2024, the recoverable amount of the CGU has been determined based on a VIU calculation using five-year cash flow projections. Key assumptions in the VIU calculation of the CGU are most sensitive to the following:

- Future revenues and revenue growth rates. Cash flow projections based on financial budgets approved by management and the BOD covering a five-year period.
- Long-term growth rates (4.66% for 2023 and 4.66% for 2022). The long-term growth rate considers the historical growth rate of MESI and the long-term growth rate for the education industry sector.
- Discount rate (11.4% for 2023 and 11.4% for 2022). The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to comparable listed companies in the educational sector.

In 2025 and 2024, management assessed that the recoverable amount of the goodwill balances exceeds their carrying values, thus, no impairment loss should be recognized.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill to materially exceed its recoverable amount.

Goodwill arising from Business Combination

With the effectivity of the merger on May 2, 2019 between IPO and AC Education, Inc. (AEI), the wholly owned education arm of Ayala Corporation (AC), IPO became 48.18% owned by HI and 33.5% owned by AC.

As a result of the merger, IPO issued to AC an aggregate of 295,329,976 shares with par value of ₱1.0 per share for a total fair value of ₱3,591.21 million based on IPO's quoted closing rate per share as of May 2, 2019 in exchange for the transfer of the net assets of AEI. The excess of the fair value of shares issued over the par value was recognized as additional paid-in capital.

The IPO Group recognized the following intangible assets in 2019 as a result of the merger (amount in thousands):

Intellectual property rights	₱523,103
Student relationship	116,009
Goodwill	13,472
	<u>₱652,584</u>

Intellectual property rights have infinite life and the student relationship have an estimated useful life of 5 years to 7 years based on the contractual relationship between the school entities and its students. These assets are attributed from the acquisition of operating schools NTC, APEC and UNC.

Intellectual Property Rights

As of June 30, 2026 and December 31, 2025, the Group performed impairment testing on intellectual property rights using the income approach (royalty relief method) wherein recoverable value is computed based on royalty savings. Key assumptions used are as follows:

- Revenue projections and long-term growth rate (3% for 2025 and 2024). Revenue projections based on financial budgets approved by management and the BOD. The long-term growth rate considers the expected growth rate in the education industry sector.
- Discount rates (14% to 16% for 2023 and 2022). The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to comparable listed companies in the educational sector.
- Royalty rates (0.5% to 5% for 2023 and 2022). This is based on the publicly available information on franchising of educational institutions in the Philippines, with consideration on the operational risk of the involved entity.

The Group's impairment testing resulted to the recognition of ₱12.75 million and ₱32.8 million impairment loss on intellectual property rights of APEC in 2025 and 2024, respectively.

The carrying value of intellectual property rights as of June 30, 2026 and December 31, 2025 amounted to ₱447.7 million in both years (Note 19).

Student Relationship

The carrying value and movement of student relationship as of June 30, 2026 and for the year ended December 31 follows (amount in thousands):

	2026	2025
Cost from business combination	₱116,009	₱116,009
Accumulated amortization:		
Beginning balance	(115,266)	(113,038)
Amortization and impairment	(743)	(2,228)
Ending balance	(116,009)	(115,266)
Balance at end of the year	₱ –	₱743

Amortization amounted to ₱0.74 million, ₱1.11 million, ₱1.53 million in 2026, 2025 and 2024.

19. Other Noncurrent Assets

This account consists of:

	2026	2025
CWT - net of current portion	₱ 1,654,955,510	₱1,581,184,830
Input VAT – noncurrent portion	677,798,309	609,611,508
Intellectual property rights (Note 18)	447,676,000	447,676,000
Miscellaneous deposit	97,452,141	82,147,118
Advances to contractors	52,418,216	52,418,216
Accrued rent income	50,001,460	56,489,143
Computer software	37,440,888	42,671,249
Student relationship	–	742,762
Others	78,105,902	97,325,120
	₱3,095,848,426	₱2,970,265,946

Intellectual property rights and student relationship are the intangible assets acquired in May 2019 through the merger between IPO and AC Education, Inc. (AEI), the wholly owned education arm of Ayala Corporation (see Note 18).

Miscellaneous deposits include rental and security deposits.

Advances to suppliers and contractors represent down payment to subcontractors for the contract work to be performed and advance payment for the purchase of various construction materials.

Rollforward of computer software follows:

	2026	2025
Cost		
Balance at beginning of year	₱232,395,845	₱207,960,718
Additions	7,263,044	13,548,966
Adjustments	–	10,886,161
Balance at end of year	239,658,889	232,395,845
Accumulated Amortization		
Balance at beginning of year	189,724,596	166,831,580
Amortization	12,493,405	31,741,418
Reclassifications and adjustments	–	(8,848,402)
Effect of deconsolidation of a subsidiary	–	–
Balance at end of year	202,218,001	189,724,596
Net Book Value	₱37,440,888	₱42,671,249

20. Accounts Payable and Other Current Liabilities

This account consists of:

	2026	2025
Accounts payable	₱1,206,315,775	₱2,247,796,721
Accrued expenses	1,567,451,468	1,542,868,410
Output tax payable	1,167,565,452	870,318,419
Commission payable	1,117,665,978	1,039,700,321
Customer's deposit	949,383,399	569,110,300
Installment payable - current portion (Note 15)	757,448,262	757,448,262
Withholding taxes and others	700,565,748	727,118,466
Provisions	129,317,938	124,647,074
Reserve for guards	73,061,210	60,026,875
Dividends payable	40,957,605	56,573,976
SSS and other contributions	26,183,677	18,022,198
Payable to land transportation office	2,280,432	2,089,661
Chattel mortgage payable	460,434	967,037
Miscellaneous payables	60,396,232	44,348,619
	₱7,799,053,610	₱8,061,036,339

Accounts payable pertains to the Group's obligation to local suppliers. The normal trade credit terms of accounts payable and accrued expenses of the Group are expected to be settled within the next twelve (12) months.

Accrued expenses consist of:

	2026	2025
Utilities expenses	₱519,216,006	₱643,660,801
Payable to suppliers	449,593,594	318,861,005
Salaries and wages	208,938,639	218,932,162
Security services	122,786,206	112,978,572
Interest	83,978,040	53,729,339
Professional fees	64,329,565	53,123,570
Accrued insurance	464,986	2,171,945
Others	118,144,432	139,411,016
	₱1,567,451,468	₱1,542,868,410

Other accrued expenses mainly consist of accrual for professional fees, outside services, utilities and other expenses that are expected to be settled within one year.

Provisions were provided for claims by third parties in the ordinary course of business. As allowed by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, only a general description is provided as the disclosure of additional details beyond the present disclosures may prejudice the Group's position and negotiation strategies with respect to these matters.

21. Loans Payable

The Group availed loans from local banks. These loans are uncollateralized and short-term in nature. These loans have terms up to 1 year and bears interest ranging from 5.50% to 7.65%.

Movements in loans payable during the years ended December 31 follow:

	2026	2025
Balance at beginning of year	₱10,398,665,000	₱5,635,000,000
Availments	5,083,726,000	14,827,525,000
Payments	(4,602,526,000)	(10,063,860,000)
Balance at end of year	₱10,879,865,000	₱10,398,665,000

22. Long-term Debt

Movements in the account follow:

	2026	2025
Balance at beginning of year	₱261,277,800	2,715,302,650
Payments	(16,286,800)	(2,457,057,350)
Transaction costs	–	3,032,500
Balance at end of year	244,991,000	261,277,800
Less current portion	(32,573,600)	(32,573,600)
	₱212,417,400	₱228,704,200

IPO

Unsecured

The Group, through NTC, entered into a 10-year unsecured term loan facility with a third-party local bank for ₱650.0 million to finance its building refurbishment and/or expansion. The principal payments will be made in 28 quarterly payments starting May 2022. As of December 31, 2020, total drawdown from the long-term loan facility amounted to ₱380 million. The ₱300 million is subject to 5.5% fixed rate and the ₱80 million is subject to annual repricing based on higher of 5.5% or the prevailing one-year benchmark rate or done rate of a liquid/active security, as agreed by the parties, with the same tenor if benchmark rate is not reflective of market rate, plus interest spread. In September 2021, the ₱80 million was converted to a 5.5% fixed rate.

The loan is subject to certain covenants including maintaining a maximum debt-to-equity structure ratio (D:E ratio) of 3:1. As of December 31, 2025 and 2024, NTC has complied with its covenant obligations, including maintaining the required D:E ratio.

23. Contract Liabilities

Details of the Group's contract liabilities as of June 30, 2026 and December 31, 2025 are shown below.

	2025	2024
<i>Current</i>		
Education	₱611,494,656	₱1,283,627,485
Leasing	177,191,632	185,641,041
Total current contract liabilities	₱788,686,288	₱1,469,268,526
<i>Noncurrent</i>		
Leasing	193,386,682	160,886,163
Total noncurrent contract liabilities	193,386,682	160,886,163
Total contract liabilities	₱982,072,970	₱1,630,154,689

Contract liabilities from construction and infrastructure segment consist of down payments received in relation to construction contracts that will be recognized as revenue in the future as the Group satisfies its performance obligations.

Contract liabilities from education segment represent the unearned tuition fees and will be recognized as revenue when the related educational services are rendered. Contract liabilities related to the remaining performance obligations of the education segment are generally recognizable within one (1) year.

24. Insurance Contract Liabilities

This account consists of:

	2026	2025
Claims reported and IBNR	₱12,268,862,717	₱12,535,607,246
Legal policy reserves - net	19,816,198,658	17,728,035,173
Provision for unearned premiums	6,748,580,933	6,452,126,708
Insurance payables	6,340,784,962	4,295,813,529
Policy and contract claims payable	1,969,317,808	1,966,071,519
Premium deposit fund	497,641,558	490,981,803
Policyholders' dividends	493,691,524	499,454,733
Total insurance contract liabilities	48,135,078,160	43,968,090,711
Current contract liabilities	28,152,348,080	26,060,567,140
Noncurrent contract liabilities	₱19,982,730,080	₱17,907,523,571

25. Revenues

Set out below is the disaggregation of the Group's revenue from contracts with customers for the years ended June 30:

	January 1 to June 30		
	2026	2025	2024
Revenue from sale of services	₱25,600,588,418	₱15,264,531,987	₱15,380,088,051
Revenue from sale of goods	2,042,363,247	2,080,819,809	2,508,411,011
Revenue from school and related operations	3,049,907,967	2,731,475,350	2,483,392,869
	₱30,692,859,632	₱20,076,827,146	₱20,371,891,931

Disaggregated Revenue Information

Disaggregation of Revenue from sale of services:

	January 1 to June 30		
	2026	2025	2024
Financial services	₱24,360,976,986	₱14,109,109,844	₱14,271,270,151
Leasing services	473,056,518	451,978,091	422,725,651
Automotive services	453,462,518	401,279,407	427,328,627
Admin and management services	205,947,885	194,122,520	157,854,095
Death care services	77,272,328	77,352,684	74,124,161
Security services	29,872,183	30,689,441	26,785,366
	₱25,600,588,418	₱15,264,531,987	₱15,380,088,051

Disaggregation of Revenue from insurance and financial services:

	January 1 to June 30		
	2026	2025	2024
Net premiums earned	₱19,142,579,229	₱11,037,618,997	₱9,897,117,123
Net investment income	3,516,286,818	1,775,078,876	3,054,107,377
Fee Income	967,277,583	823,043,532	698,908,817
Commission income	330,289,050	266,685,509	273,207,932
Foreign currency gains	111,737,147	(56,599,512)	125,476,632
Trust income	292,807,159	263,282,442	222,452,270
	₱24,360,976,986	₱14,109,109,844	₱14,271,270,151

Disaggregation of Revenue from sale of goods:

	January 1 to June 30		
	2026	2025	2024
Merchandise sales			
Vehicle units	₱1,873,152,803	₱1,926,924,433	₱2,346,708,378
Parts and Accessories	160,024,253	144,709,553	152,990,829
Food and Beverage	9,186,191	9,185,823	8,711,804
	₱2,042,363,247	₱2,080,819,809	₱2,508,411,011

Disaggregation of Revenue from school and related operations:

	January 1 to June 30		
	2026	2025	2024
Tuition and other matriculation fees	₱2,885,345,623	₱2,606,198,942	₱2,396,825,888
Other student-related income	164,562,344	125,276,408	86,566,981
	₱3,049,907,967	₱2,731,475,350	₱2,483,392,869

26. Cost of Sales and Services

This account consists of:

	January 1 to June 30		
	2026	2025	2024
Cost of services	₱21,373,740,426	₱12,401,803,517	₱11,761,327,757
Cost of merchandise sold	2,002,755,304	2,021,012,754	2,456,519,723
Cost of school and related operations	1,872,842,996	1,637,506,750	1,638,125,486
	₱25,249,338,726	₱16,060,323,021	₱15,855,972,966

Details of the Cost of Manpower and Services:

	January 1 to June 30		
	2026	2025	2024
Cost of insurance service	₱20,819,683,163	₱11,898,960,885	₱11,385,453,706
Materials, parts and accessories	187,122,192	168,117,830	170,081,987
Depreciation and amortization	66,497,532	62,018,512	10,754,222
Personnel expenses	135,542,360	122,946,051	54,441,432
Others	164,895,179	149,760,239	140,596,410
	₱21,373,740,426	₱12,401,803,517	₱11,761,327,757

Details of the Insurance Costs:

	January 1 to June 30		
	2026	2025	2024
Net insurance contract benefits and claims	₱17,905,498,737	₱9,542,404,569	₱9,261,284,841
Commission expense	2,227,960,097	1,662,636,178	1,576,103,796
Other underwriting expense	509,090,810	452,770,876	271,777,130
Other Expenses	177,133,519	241,149,262	276,287,939
	₱20,819,683,163	₱11,898,960,885	₱11,385,453,706

Details of the Cost of Merchandise sold follows:

	January 1 to June 30		
	2026	2025	2024
Inventory, beginning	₱458,332,319	₱398,314,089	₱496,661,387
Purchases	1,965,938,758	2,043,313,344	2,433,468,559
Total goods available for sale	2,424,271,077	2,441,627,433	2,930,129,946
Less inventory end	421,515,773	420,614,679	473,610,223
Cost of inventories sold	₱2,002,755,304	₱2,021,012,754	2,456,519,723

Details of the Cost of School and Related Operations follows:

	January 1 to June 30		
	2026	2025	2024
Personnel expenses	₱889,326,522	₱779,407,587	₱706,474,883
Depreciation and amortization	255,275,209	239,998,197	267,040,493
Student-related expenses	151,514,765	120,631,422	102,669,105
IT expense - software license	132,149,039	109,171,945	95,530,334
Periodicals	106,555,114	76,387,220	82,368,611
Management and other professional fees	90,242,440	95,649,689	121,066,383
Utilities	73,800,367	66,394,983	71,196,185
Accreditation cost	33,392,017	26,598,154	19,234,148
Research and development fund	26,818,663	19,214,743	23,823,660
Repairs and maintenance	18,233,341	19,878,653	21,355,574
Tools and library books	13,603,240	17,099,340	20,021,960
Seminar	9,376,305	10,245,329	7,007,256
Rent	5,730,993	1,188,000	4,357,034
Office supplies	4,892,889	3,719,828	3,838,790
Insurance	3,901,599	12,810,571	7,151,075
Transportation and travel	3,373,476	4,202,441	4,748,450
Taxes and licenses	2,046,783	2,740,172	3,377,796
Advertising	1,463,080	684,358	60,320,608
Entertainment, amusement and recreation	678,587	723,671	1,153,124
Miscellaneous	50,468,567	30,760,447	15,390,017
	₱1,872,842,996	₱1,637,506,750	₱1,638,125,486

27. Other Income - Net

This account consists of:

	January 1 to June 30		
	2026	2025	2024
Gain on sale of assets	₱102,747,818	₱10,666,107	₱3,882,303
Interest income	82,518,927	85,892,928	75,678,211
Dividend income	15,592,227	13,695,114	17,999,321
Foreign exchange gain (loss)	14,408,315	(6,818,782)	14,731,432
Space and car rental	14,961,067	30,915,249	7,106,781
Rental income	12,706,187	12,797,791	10,489,472
Clinic charges	7,420,464	10,704,394	8,702,038
Gain (Loss) - FVTPL Investments	3,330,986	836,755	265,992
Remeasurement gain (loss)	—	—	(245,052,123)
Impairment of investment in associates (Note 14)	(82,044,742)	—	—
Miscellaneous	4,802,212	20,506,751	24,607,975
	₱176,443,461	₱179,196,307	(₱81,588,598)

28. General and Administrative Expenses

This account consists of:

	January 1 to June 30		
	2026	2025	2024
Personnel expenses	₱1,034,964,736	₱939,183,581	₱905,542,524
Taxes and licenses	260,253,207	167,225,483	199,529,617
Depreciation and amortization	192,582,898	194,656,413	154,330,656
Security, janitorial and other services	132,977,008	129,005,456	250,918,096
Advertising and promotions	178,407,748	196,905,587	112,066,156
Office expenses	172,190,100	123,580,258	109,407,124
Rent, light and water	107,672,907	128,491,446	87,539,021
Selling expenses	81,341,571	46,890,713	47,663,586
Professional fees	97,907,752	93,392,114	98,003,628
Repairs and maintenance	57,897,832	67,849,596	61,087,856
Transportation and travel	68,886,556	63,329,314	60,933,527
Seminars	41,920,660	51,899,555	45,365,903
Commissions	38,444,571	24,479,761	21,061,730
Provision for probable losses	36,622,499	49,073,895	16,124,203
Insurance	29,132,028	20,879,406	16,395,121
Entertainment, amusement and recreation	9,607,959	6,814,638	17,054,587
Donations and contributions	7,959,919	—	6,970,342
Management and other fees	2,862,314	16,236,285	6,560,224
Provision for inventory obsolescence	—	—	12,199,933
Miscellaneous	49,264,877	45,430,170	69,045,832
	₱2,600,897,142	₱2,365,323,671	₱2,297,799,666

Miscellaneous expense includes dues and subscriptions, periodicals, training and seminar, bank charges, legal and notarial services and other admin charges.

29. Depreciation and Amortization

This account consists of depreciation and amortization from continued operation as follows:

	January 1 to June 30		
	2026	2025	2024
Cost of sales and services			
Manpower and other services	₱66,497,532	₱62,018,512	₱10,754,222
School and related operations	255,275,209	239,998,197	267,040,493
	321,772,741	302,016,709	277,794,715
General and administrative expenses	192,582,898	194,656,413	154,330,656
	₱514,355,639	₱496,673,122	₱432,125,371

30. Interest and Finance Charges

The Group's interest and finance charges consist of interest on the following:

	January 1 to June 30		
	2026	2025	2024
Loans payable (short-term)	₱237,629,559	₱129,393,640	₱123,573,684
Lease liabilities	8,227,202	130,629,105	84,936,912
Long-term debt	40,050,597	27,837,405	28,014,212
Others	5,075	2,928,606	5,077
	₱285,912,433	₱290,788,756	₱236,529,885

31. Earnings Per Share

Basic and diluted earnings (loss) per share amounts attributable to equity holders of the Group are computed as follows:

Basic earnings (loss) per share

	2026	2025	2024
Net income attributable to equity holders of parent company	₱1,546,524,351	₱849,230,205	₱846,410,233
Less dividends attributable to preferred shares	—	—	—
Net income applicable to common shares	1,546,524,351	849,230,205	846,410,233
Divided by the weighted average number of common shares	1,469,302,230	1,469,302,230	1,469,302,230
Basic earnings per share	₱1.0526	₱0.5780	₱0.5761

Diluted earnings (loss) per share

	2026	2025	2024
Net income applicable to common share for basic earnings per share	₱1,546,524,351	₱849,230,205	₱846,410,233
Net income applicable to common stockholders for diluted earnings per share	1,546,524,351	849,230,205	846,410,233
Weighted average number of shares of common stock	1,469,302,230	1,469,302,230	1,469,302,230
Weighted average number of shares of common stock for diluted earnings per share	1,469,302,230	1,469,302,230	1,469,302,230
Diluted earnings per share	₱1.0526	₱0.5780	₱0.5761

32. Capital Stock

Preferred stock

The authorized preferred stock is 2,500,000,000 shares at ₱0.40 par value. There are no preferred shares outstanding as of June 30, 2026 and December 31, 2025.

Common stock

The authorized common stock is 1,470,000,000 shares at ₱1.50 par value.

A reconciliation of the number of common shares outstanding as at June 30, 2026, December 31, 2025 and 2024 follows:

	2026		2025		2024	
	Amount	Shares	Amount	Shares	Amount	Shares
Balance at beginning of year	₱2,204,403,346	1,469,302,230	₱2,204,403,346	1,469,302,230	₱2,204,403,346	1,469,302,230
Issuance of new shares	—	—	—	—	—	—
Balance at end of year	₱2,204,403,346	1,469,602,230	₱2,204,403,346	1,469,602,230	2,204,403,346	1,469,602,230
Treasury stock*	(2,607,600)	(300,000)	(2,607,600)	(300,000)	(2,607,600)	(300,000)
	₱2,201,795,746	1,469,302,230	₱2,201,795,746	1,469,302,230	₱2,201,795,746	1,469,302,230

*On May 24, 2013, the Parent Company repurchased 300,000 shares held as treasury stock at ₱8.69 per share for ₱2.61 million.

On April 25, 2023, the BOD of the Parent Company approved the resolution to increase the authorized capital stock of the Parent Company from ₱2,875 million divided into 1,250,000,000 common shares with par value of ₱1.50 per share and 2,500,000,000 preferred shares with par value of ₱0.40 per share to ₱3,205 million divided into 1,470,000,000 common shares with par value of ₱1.50 per share and 2,500,000,000 preferred shares with par value of ₱0.40 per share.

On December 29, 2023, the Securities and Exchange Commission (SEC) approved the amendment of the Parent Company's Articles of Incorporation for the increase in its authorized capital stock relative to the share swap agreement between the Parent Company and GPL Holdings, Inc. (GPLHI) and PMMIC. Under the share swap agreement with GPLHI, the Parent Company issued 221,716,590 common shares to GPLHI in exchange for the acquisition of GPLH's 51% ownership over SunLife Grepa Financial, Inc. (SGFI) and 73,416,558 common shares in exchange for the acquisition of Grepa Realty Holdings Corporation (GRHC's) 51% ownership. Under the share swap agreement with PMMIC, the Parent Company issued 397,703,801 common shares to PMMIC in exchange for the acquisition of PMMIC's 77.33% ownership over MICO Equities, Inc. (MEI). As a result of the share swap agreements, the Parent Company recorded an increase in "Common Stock" and "Additional Paid-in Capital" amounting to ₱1.04 billion and ₱14.70 billion,

respectively. The share swaps were accounted as noncash investing activities in the 2023 parent company statement of cash flows.

SEC approved the registration of the Parent Company's authorized capital stock before its listing date with the PSE, which was on July 2, 1962. The actual number of shares initially listed were 584,085 shares at an offer price of ₱10.0 per share. Total number of common shareholders was 367 as of June 30, 2026 and 363 as of December 31, 2025, respectively.

33. Retained Earnings

Retained Earnings Appropriation

As of December 31, 2025, appropriated retained earnings amounted to ₱1.7 billion for the planned investments covering various projects.

On November 22, 2024, the Company approved the reversal of the appropriation amounting to ₱3.50 billion, which was intended to be used to finance the Company's planned investment and business expansion.

Dividends Declaration

On August 8, 2025, the Company declared dividends of ₱264.47 million or ₱0.18 per share to ordinary shareholders on record as at August 27, 2025 and was subsequently paid on September 4, 2025.

On August 9, 2024, the Company declared dividends of ₱73.47 million or ₱0.05 per share to ordinary shareholders on record as at August 27, 2024 and was subsequently paid on September 6, 2024.

Retained Earnings Available for Dividend Declared

Retained earnings include ₱2,110.19 million and ₱1,773.65 million as of June 30, 2026 and December 31, 2025, respectively, representing treasury shares, appropriated retained earnings and deferred tax assets that are not available for dividend declaration. After reconciling items, the retained earnings of the Parent Company that are available for dividend declaration amounted to ₱6,131.65 million and ₱5,772.79 million as of June 30, 2026 and December 31, 2025, respectively.

Under the Tax Code, publicly-held Corporations are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax.

Restrictions

The Group's retained earnings include accumulated earnings of subsidiaries, associate and joint venture amounting to ₱8,721.25 million and ₱7,873.42 million as of June 30, 2026 and December 31, 2025, respectively, not declared as dividends to the Group. Accordingly, these are not available for dividend declaration.

34. Non-controlling Interests

Material Partly-Owned Subsidiaries

MEI

On April 25, 2023, the Board of House of Investments Inc. approved the authority to enter in a Share Swap Agreement with Pan Malayan Management & Investment Corporation (PMMIC), whereby HI will issue 397,703,801 common shares to PMMIC in exchange for the acquisition of

100% of PMMIC's outstanding shareholdings in MICO Equities, Inc (MEI which is equivalent to 77.33% of MEI.

SLGFI

On April 25, 2023, the Board of House of Investments Inc. approved the authority to enter in a Share Swap Agreement with GPL Holdings, Inc, whereby HI will issue 295,133,148 common shares to GPLH in exchange for the acquisition of 100% of GPLH's outstanding shareholdings in Sunlife Grepa Financial Inc. (SLGFI) and Grepa Realty Holdings Corporation (GRHC). As of this date GPL directly owns 51% of SLGFI and 49% of GRHC. SLGFI also owns 51% of GRHC, thus GPL's effective ownership in GRHC is 75%.

RTC

In 2023, the Parent company invested ₱40.0 million for a 40% stake in RCBC Trust Corporation.

SLRHSI

In February 2022, the Parent Company sold 1,612,759 common shares representing 14.64% ownership of SLRHSI to Sojitz Corporation. Further, on November 15, 2022, Sojitz Corporation subscribed and paid for additional authorized capital stock applied for by SLRHSI. Accordingly, the ownership stake of the Parent Company decreased from 100% to 60%.

IPO

In May 2019, the Parent Company sold the 281,642 shares of MESI to IPO, which represents 7% ownership in MESI. With this acquisition, MESI became 100% indirectly-owned subsidiary of the Parent Company through IPO. Subsequently, IPO issued 295,329,976 common shares from its unissued capital stock to AC, the parent company of AEI, in exchange for the merger of IPO and AEI, with IPO being the surviving corporation. Upon merger, the Parent Company's ownership interest over IPO was reduced from 67.34% to 48.18%. The non-controlling interest increased from 32.66% to 51.82% or an increase of ₱2.52 billion.

TTVI

In March 2026, the Parent Company entered into an agreement with Lima Land Inc (LLI) in relation to the development of a property in Tarlac City through TTVI. Following the SEC's approval of TTVI's increase in authorized capital stock on May 26, 2026, the Parent Company and LLI held ownership interests of 51% and 49%, respectively.

35. Operating Segment Information

For management purposes, the Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment financial information is reported on the basis that it is used internally for evaluating segment performance and allocating resources to segments.

The Group derives its revenue from the following reportable segments:

Property and Property services - represents property and project management services of the Group.

Education - primarily consists of revenues from IPO and subsidiaries in education and other related support services.

Automotive - represents automotive dealerships of the Group. The Car Dealership business of the Parent Company was consolidated under HI Cars, Inc. effective July 1, 2024.

Financial services - consists of non-life and life insurance arm of the Group.

Other Services - represent support services which cannot be directly identified with any of the reportable segments mentioned above. These include sale of pharmaceutical products, trading of consumer goods and rendering various services to the consumers.

Segment assets and liabilities exclude deferred income tax assets and liabilities. Inter-segment income arises from transactions that were made on terms equivalent to those that prevail in an arms-length transactions.

Management monitors construction revenue and segment net income for the purpose of making decisions about resource allocation. Segment performance is evaluated based on net income and construction revenue.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The tables below set out the Operating Segment Information as of June 30, 2026 and 2025, and December 31, 2025:

For the period ended June 30, 2026							
PHP 000's	Automotive	Education	Property & Property Services	Financial Services	Other services	Conso Adjustments	Consolidated
Revenue	2,486,640	3,049,905	652,152	24,358,049	820,486	(674,372)	30,692,860
Net income	4,313	458,408	(112,585)	1,820,473	910,942	(560,310)	2,521,241
Segment Assets	1,506,919	24,097,746	19,653,019	134,964,331	26,884,433	(15,763,748)	191,342,700
Segment Liabilities	1,458,459	5,471,851	10,679,584	112,339,730	627,020	741,598	131,318,242
Investments in associates	-	-	6,750	1,056,092	23,090,687	(18,857,382)	5,296,147
Investment properties	-	-	10,302,504	130,935	1,596,042	197,766	12,227,247

For the period ended June 30, 2025 and December 31, 2025							
PHP 000's	Automotive	Education	Property & Property Services	Financial Services	Other services	Conso Adjustments	Consolidated
Revenue	2,472,913	2,731,475	638,437	14,097,284	750,202	(613,484)	20,076,827
Net income	40,854	418,724	95,589	658,826	684,223	(481,323)	1,416,893
Segment Assets	1,499,191	24,295,514	18,966,620	120,450,849	27,089,802	(16,721,515)	175,580,461
Segment Liabilities	1,461,226	5,886,517	10,513,010	98,794,954	1,382,306	(48,212)	117,989,801
Investments in associates	-	-	6,750	1,056,092	23,104,496	(19,009,801)	5,157,537
Investment properties	-	-	10,350,274	148,831	1,597,534	197,766	12,294,405

36. Financial Instruments and Financial Risk Management Objectives and Policies

Management of Insurance Risk and Investment Risk of the Insurance Segment

Insurance Risk

Insurance risk pertains to the uncertainty of the amount and timing of any claim arising from the occurrence of an insured event. The principal risk the Company faces under an insurance contract is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than originally estimated, and subsequent development of long-term claims.

Life Insurance Contracts

Terms and conditions

The Company principally writes life insurance where the life of policyholder is insured against death, illness, injury or permanent disability, usually for pre-determined amount.

Life insurance contracts offered by the Company mainly include whole life, term insurance, endowments and unit-linked products.

Whole life and term insurance are conventional products where lump sum benefits are payable on death.

Endowment products are savings products where lump sum benefits are payable after a fixed period or on death before the period is completed.

Unit-linked products differ from conventional policies in that a guaranteed percentage of each premium is allocated to units in a pooled investment fund and the policyholder benefits directly from the total investment growth and income of the fund.

The risks associated with the life and accident and health products are underwriting risk and investment risk.

The main risks the Company are exposed to include:

- Mortality risk - risk of loss arising due to policyholder death experience being different than expected.
- Morbidity risk - risk of loss arising due to policyholder health experience being different than expected.
- Expense risk - risk of loss arising from expense experience being different than expected.
- Policyholder decision risk - risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry. Undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geographical locations, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria.

The table below sets out the Company's concentration of insurance risk based on the sum assured:

	2026		2025	
	Number of Policies	Amount of Insurance	Number of Policies	Amount of Insurance
Group life	1,202	₹737,231,441,133	1,177	₹377,679,000,730
Whole life	51,722	32,130,341,801	50,834	30,837,480,861
Endowment	12,902	14,507,176,291	11,999	13,041,048,877
Term	16,335	26,142,370,264	16,267	25,372,903,801
Accident and health	700	210,486,697,501	649	201,197,252,093
Variable unit-linked	121,716	154,887,670,346	117,968	143,485,363,512
	204,577	₹1,175,385,697,336	198,894	₹791,613,049,874

Key assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions relating to insurance contracts. Assumptions in use are based on past experience, current internal data and conditions and external market indices and benchmarks, which reflect current observable market prices and other published information. Such assumptions are determined as appropriate at inception of the contract and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. Assumptions are subject to the provisions of the Code and guidelines set by the IC.

For insurance contracts, the Company determines the assumptions in relation to future deaths, illness or injury, policyholder experiences (lapses and surrenders) and investment returns at inception of the contract.

The reserves for traditional life insurance policies shall be valued, where appropriate, using the gross premium valuation. This is calculated as the sum of the present value of future benefits and expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate risk-free discount rate. The expected future cash flows shall be determined using best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

For policies with coverages one year or less and for the risk portion of variable unit-linked policies, unearned premium reserves method is used.

The key assumptions to which the estimation and adequacy testing of liabilities are particularly sensitive are as follows:

- **Mortality and morbidity rates**
Assumptions are based on rates of mortality and morbidity that are appropriate to the nature of the risks covered based on the Company's actual experience. The increase in mortality and morbidity rates will increase the legal policy reserves and result in a corresponding decrease in profit or loss.
- **Discount rates**
The risk-free discount rate provided by IC shall be used for all cash flows to determine the liability of a traditional life insurance policy. The yield curve used as basis for the risk-free discount shall be obtained from the following sources:
 - For Philippine peso policies: BVAL rates
 - For US Dollar policies: International Yield Curve (IYC) from Bloomberg

The increase in discount rate will decrease the legal policy reserves and result in a corresponding increase in remeasurement on legal policy reserves in OCI.

- *Lapses and/or persistency rates*

Lapse and/or persistency rates reflective of the Company's actual experience are taken as the best estimate lapse and/or persistency assumption, with regard to changing Company practices and market conditions.

- *Non-guaranteed benefits*

The level of non-guaranteed benefits under traditional life insurance policies to be valued, including policy dividends, are determined with due regard to the Company's duty to treat its policyholders fairly and meet policyholders' reasonable expectations.

Non-life Insurance Contracts

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risks mitigation program. Reinsurance ceded is placed on both a proportional and non-proportional basis with retention limits varying by product line and territory. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The Group principally issues the following types of general insurance contracts: fire, motor car, personal accident, marine, engineering, bonds and miscellaneous casualty. The most significant risks arise from climate changes and natural disasters. These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry.

To further reduce the risk exposure, the Group requires strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims.

The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The Group also has limited its exposure level by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events. The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes to a predetermined maximum amount based on the Group's risk appetite as decided by management.

The tables below set out the concentration of the claims liabilities by type of contract.

2026			
	Gross	Reinsurers' Share	Net
Fire	₱9,617,451,046	₱6,584,412,476	₱3,033,038,570
Marine and aviation	601,291,777	55,345,610	545,946,167
Engineering	714,561,002	262,883,351	451,677,651
Motor	543,951,967	476,857,537	67,094,430
Miscellaneous casualty	538,182,183	261,047,186	277,134,997
Personal accident	98,701,704	4,251,186	94,450,518
Surety	154,723,038	83,221,441	71,501,597
	₱12,268,862,717	₱7,728,018,787	₱4,540,843,930

2025			
	Gross	Reinsurers' Share	Net
Fire	₱10,006,099,573	₱6,539,877,141	₱3,466,222,432
Marine and aviation	687,029,279	138,150,286	548,878,993
Engineering	554,827,793	168,594,598	386,233,195
Motor	459,445,839	445,662,464	13,783,375
Miscellaneous casualty	547,267,238	261,105,176	286,162,062
Personal accident	125,337,103	5,013,484	120,323,619
Surety	155,600,421	87,091,980	68,508,441
	₱12,535,607,246	₱7,645,495,129	₱4,890,112,117

Key Assumptions

The principal assumption underlying the liability estimates is the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include variations in interest, delays in settlement and changes in foreign currency rates.

Sensitivities

The insurance claims provision is sensitive to the above key assumptions. Because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the reporting dates.

The Group aims to maintain strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. As claims develop and the ultimate cost of claims becomes more certain, adverse claims experiences are eliminated which results in the release of reserves from earlier accident years. In order to maintain strong reserves, the Group transfers much of this release to current accident year reserves when the development of claims is less mature and there is much greater uncertainty attaching to the ultimate cost of claims.

Investment Risk

The investment risk represents the exposure to loss resulting from cash flows from invested assets, primarily long-term fixed rate investments, being less than the cash flows required to meet the obligations of the expected policy and contract liabilities and the necessary return on investments.

Additionally, there exists a future investment risk associated with certain policies currently in force which will have premium receipts in the future. That is, the investment of those future premium receipts may be at a yield below that required to meet future policy liabilities.

To maintain an adequate yield to match the interest necessary to support future policy liabilities, management focus is required to reinvest the proceeds of the maturing securities and to invest the future premium receipts while continuing to maintain satisfactory investment quality.

The Group's strategy is to invest primarily in high quality securities while maintaining diversification to avoid significant exposure to issuer, industry and or country concentrations. Another strategy is to produce cash flows required to meet maturing insurance liabilities. The Group invests in equities for various reasons, including diversifying its overall exposure to interest rate risk. Financial assets at FVOCI are subject to changes in fair value. Generally, insurance regulations restrict the type of assets in which an insurance company may invest.

Financial Risk Management Objectives and Policies

The main purpose of the Group's financial instruments is to raise finances for the Group's operations.

The main risks arising from the Group's financial instruments are liquidity risk, market risk, and credit risk. The BOD reviews and agrees on the policies for managing these risks, as well as approving and authorizing risk limits set by management, summarized below. There were no changes in the policies for managing these risks.

a. Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations as they fall due. The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover its short-term and funding requirements, the Group intends to use internally generated funds and available short-term and long-term credit facilities.

The maturity groupings are based on the remaining period from the end of the reporting period to the contractual maturity date.

The tables below summarize the maturity profile of the Group Company's financial assets and liabilities as of June 30, 2026 and December 31, 2025 based on contractual undiscounted payments.

	2026				
	Up to a year	1-5 years	More than 5 years	No maturity date	Total
Financial Assets					
Cash and cash equivalents*	₱8,485,052,889	₱ –	₱ –	₱ –	₱8,485,052,889
Receivables	11,253,251,822	–	–	–	11,253,251,822
Loans and receivables	1,538,336,324	448,004,545	564,000,000	–	2,550,340,869
Segregated fund assets	–	–	–	58,666,883,909	58,666,883,909
Reinsurance Assets	11,971,453,580	–	–	–	11,971,453,580
Financial assets at FVTPL*	1,570,301,972	–	10,197,235,917	703,164,507	12,470,702,396
Financial assets at FVOCI	7,163,599,362	684,778,915	17,778,567,788	1,031,257,941	26,658,204,006
Investment securities at amortized cost*	463,531,508	839,159,173	4,579,275,911	–	5,881,966,592
Total	₱42,445,527,457	1,971,942,633	₱33,119,079,616	₱60,401,306,357	₱137,937,856,063
Financial Liabilities					
Accounts Payable and other current liabilities	₱7,799,053,610	₱ –	₱ –	₱ –	₱7,799,053,610
Segregated fund liabilities	–	–	–	58,666,883,909	58,666,883,909
Contract liabilities	982,072,970	–	–	–	982,072,970
Insurance contract liabilities**	46,941,229,463	794,437,664	399,411,033	–	48,135,078,160
Lease contract liabilities*	785,638,248	54,497,229	–	–	840,135,477
Total	₱56,507,994,291	₱848,934,893	₱399,411,033	₱58,666,883,909	₱116,423,224,126

*Including future interest

**Excluding legal policy reserves

	2025				
	Up to a year	1-5 years	More than 5 years	No maturity date	Total
Financial Assets					
Cash and cash equivalents*	₱7,892,968,769	₱–	₱–	₱–	₱7,892,968,769
Receivables	10,476,842,736	–	–	–	10,476,842,736
Loans and receivables	1,417,259,547	442,604,349	678,879,557	–	2,538,743,453
Segregated fund assets	–	–	–	49,029,028,334	49,029,028,334
Reinsurance Assets	11,354,431,818	–	–	–	11,354,431,818
Financial assets at FVTPL*	1,424,461,957	47,380,620	8,071,039,224	774,312,891	10,317,194,692
Financial assets at FVOCI	5,419,664,830	1,612,659,053	18,883,370,513	1,074,738,915	26,990,433,311
Investment securities at amortized cost*	1,241,870	184,521,036	5,096,321,514	–	5,282,084,420
Total	₱37,986,871,527	₱2,287,165,058	₱32,729,610,808	₱50,878,080,140	₱123,881,727,533
Financial Liabilities					
Accounts Payable and other current liabilities	₱8,268,072,019	₱–	₱–	₱–	₱8,268,072,019
Segregated fund liabilities	1,798,681,670	–	–	47,230,346,664	49,029,028,334
Contract liabilities	1,633,036,538	–	–	–	1,633,036,538
Insurance contract liabilities**	42,162,587,078	743,010,855	209,776,905	–	43,115,374,838
Lease contract liabilities*	626,053,720	17,604,458	–	–	643,658,178
Total	₱54,488,431,025	₱760,615,313	₱209,776,905	₱47,230,346,664	₱102,689,169,907

*Including future interest

**Excluding legal policy reserves

b. Market risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in equity prices, foreign currency exchange rates and interest rates.

c. Equity price risk

The Group's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity securities classified as available-for-sale securities.

Quoted available-for-sale securities assets are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. The Group's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each industry or sector.

The Parent Company's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity investments at FVOCI.

Equity investments at FVOCI are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

d. Credit risk

The Parent Company's exposure to credit risk on its receivables relates primarily to the inability of the debtors to pay and fully settle the unpaid balance of receivables owed to the Parent Company. The Parent Company manages its credit risk in accordance with its credit risk policies which requires the evaluation of the creditworthiness of the debtors. The Parent Company's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Parent Company does not have any significant exposure to any individual customer or counterparty. With respect to credit risk arising from receivables, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of this financial asset.

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due for various customer segments. With similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The table below shows the credit quality of the Group's financial assets as of December 31:

	2026				
	Neither Past Due Nor Impaired		Past due but not impaired	Impaired	Total
	High Grade	Standard Grade			
Financial assets at fair value through profit or loss	₱12,211,126,189	₱259,576,207	₱ –	₱ –	₱12,470,702,396
Financial assets at fair value through other comprehensive income	25,476,028,702	1,182,175,304	–	–	26,658,204,006
Investment securities at amortized cost	5,881,966,592	–	–	–	5,881,966,592
Cash and cash equivalents	8,483,305,775	1,746,700	–	414	8,485,052,889
Receivables	4,619,284,251	992,682,843	5,561,627,475	79,657,253	11,253,251,822
Loans receivables	2,546,439,412	3,901,457	–	–	2,550,340,869
Segregated fund assets	58,666,883,909	–	–	–	58,666,883,909
Reinsurance Assets	11,971,453,580	–	–	–	11,971,453,580
Total	₱129,856,488,410	₱2,440,082,511	₱5,561,627,475	₱79,657,667	₱137,937,856,063
	2025				
	Neither Past Due Nor Impaired		Past due but not impaired	Impaired	Total
	High Grade	Standard Grade			
Financial assets at fair value through profit or loss	₱10,072,805,922	₱244,388,770	₱–	₱–	₱10,317,194,692
Financial assets at fair value through other comprehensive income	25,873,433,017	1,117,000,296	–	–	26,990,433,313
Investment securities at amortized cost	5,282,084,420	–	–	–	5,282,084,420
Cash and cash equivalents	7,891,348,655	1,619,700	–	414	7,892,968,769
Receivables	4,284,485,730	671,633,885	5,512,959,205	7,763,915	10,476,842,735
Loans receivables	2,503,161,083	24,736,630	–	10,845,740	2,538,743,453
Segregated fund assets	49,029,028,334	–	–	–	49,029,028,334
Reinsurance Assets	11,354,431,818	–	–	–	11,354,431,818
Total	₱116,290,778,979	₱2,059,379,281	₱5,512,959,205	₱18,610,069	₱123,881,727,534

e. Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

f. Interest Rate Risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's fixed rate investments in particular are exposed to such risk.

The Group's market risk policy requires it to manage interest rate risk by maintaining appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets.

Financial Instruments

Due to the short-term nature of cash and cash equivalents, other receivables, accounts payable and other liabilities, loans payable, long-term loans, lease liabilities and due to related parties their carrying values approximate their fair values at reporting dates.

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON
REVISED SRC RULE 68
JUNE 30, 2026

Philippine Securities and Exchange Commission (SEC) issued the Revised Securities Regulation Code (SRC) Rule 68 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule 68 that are relevant to the Group. This information is presented for the purpose of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities

Below is the schedule of Financial Assets of the Group as of June 30, 2026.

<u>Financial assets at fair value through profit or loss (FVTPL)</u>	
Unquoted debt securities	₱9,976,875,974
Mutual funds	593,180,789
Seed capital in variable unit-linked segregated funds	609,632,832
Listed equity shares	360,670,618
Private debt securities	685,811,212
Government securities	244,530,971
Total	₱12,470,702,396
<u>Financial assets at fair value through other comprehensive income (FVOCI)</u>	
Quoted Equity Shares	₱3,965,395,184
Unquoted Equity Shares	2,102,313,939
Government debt securities	17,513,888,065
Private debt securities	3,076,606,818
Total	₱26,658,204,006

Investment securities at amortized cost

Government debt securities	₱5,622,905,071
Private debt securities	259,061,521
Investment securities at amortized cost	₱5,881,966,592

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

As at June 30, 2026, the Group has no receivable above ₱1 million or 1% of the total assets, whichever is lower from directors, officers, employees, and principal stockholders (other than related parties).

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements

Below is the schedule of receivables with subsidiaries, which are eliminated in the consolidated financial statements as at June 30, 2026:

Name and Designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written-off	Balance at end of year
<i>Honda Cars, Inc.</i>					
Due from affiliates	8,710,378	34,000,251	(26,179,077)	-	₱16,531,552
	8,710,378	34,000,251	(26,179,077)	-	₱16,531,552
<i>Landev Corporation</i>					
Due from affiliates	4,403,608	10,738,374	(6,634,971)	-	8,507,011
Dividends receivable	31,000,000	-	-	-	31,000,000
	35,403,608	10,738,374	(6,634,971)	-	39,507,011
<i>La Funeraria Paz Sucat, Inc.</i>					
Due from affiliates	641,806	1,203,839	(1,230,581)	-	615,064
	641,806	1,203,839	(1,230,581)	-	615,064
<i>Greyhounds Security and Investigation Agency Corporation</i>					
Due from affiliates	1,075,831	1,705,590	(1,345,789)	-	1,435,632
	1,075,831	1,705,590	(1,345,789)	-	1,435,632
<i>Hexagon Lounge, Inc.</i>					
Due from affiliates	61,264	1,154	-	-	62,418
	61,264	1,154	-	-	62,418
<i>Secon Professional</i>					
Due from affiliates	41,536	-	(17,497)	-	24,039
	41,536	-	(17,497)	-	24,039
<i>Investment Managers, Inc.</i>					
Due from affiliates	219,679	1,235,846	(1,431,487)	-	24,038
Dividend receivable	7,000,000	-	(6,999,944)	-	56
	7,219,679	1,235,846	(8,431,431)	-	24,094
<i>ATYC, Inc.</i>					
Due from affiliates	1,040,560	8,380,744	(7,555,914)	-	1,865,390
Dividend Receivables	-	70,000,000	(70,000,000)	-	-
	1,040,560	78,380,744	(77,555,914)	-	1,865,390
<i>San Lorenzo Ruiz Investment Holdings and Services, Inc.</i>					
Due from affiliates	2,071,194	4,938,279	(6,180,301)	-	829,172
	2,071,194	4,938,279	(6,180,301)	-	829,172
<i>iPeople, inc. and subsidiaries</i>					
Due from affiliates	7,921,145	59,518,806	(65,612,976)	-	1,826,975
Dividends receivable	-	120,747,187	(120,747,187)	-	-
	7,921,145	180,265,993	(186,360,163)	-	1,826,975
<i>MICO Equities, Inc. and subsidiaries</i>					
Due from affiliates	173,214	1,164,000	(1,143,214)	-	194,000
	173,214	1,164,000	(1,143,214)	-	194,000
<i>SLGFI and subsidiaries</i>					
Due from affiliates	207,671	-	(180,018)	-	27,653
Dividends receivable	-	318,750,000	(318,750,000)	-	-
	207,671	318,750,000	(318,930,018)	-	27,653
<i>RCBC Trust Corporation</i>					
Due from affiliates	552,900	1,658,700	(2,211,600)	-	-
	552,900	1,658,700	(2,211,600)	-	-
	₱65,120,786	₱634,042,770	(₱636,220,556)	-	₱62,943,000

These receivables are non-interest bearing and are expected to be settled within the next twelve months.

Schedule D. Intangible Asset - Other Noncurrent Assets

As at June 30, 2026, the Group's intangible assets consist of goodwill and computer software. Goodwill in the Group's consolidated statements of financial position arose from the acquisition of IPO and MESI. Details of the Group's intangible assets are as follows:

Description	Balance at beginning of year	Additions at cost	Charged to cost and expenses	Other changes additions (deductions)	Balance at end of year
Goodwill	₱176,176,264	₱ -	₱-	₱ -	176,176,264
Intellectual property rights	447,676,000	-	-	-	447,676,000
Student relationship	742,762	-	(742,762)	-	-
Computer software	42,671,249	7,263,045	(12,493,406)	-	37,440,888
	₱667,266,275	₱7,263,045	(13,236,168)	₱ -	₱661,293,152

Schedule E. Long-term Debt

Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Non-current
NTC			
Peso-denominated seven (10) year term loan, payable in 28 quarterly payments starting May 2022 with interest subject to annual repricing based on higher of 5.5% or prevailing 1-year rate plus interest spread	₱244,991,000	₱32,573,600	₱212,417,400
	₱244,991,000	₱32,573,600	₱212,417,400

Schedule F. Indebtedness to Related Parties (Long-term Loans from Related Companies)

The Group has no long-term loans from related companies as at June 30, 2026.

Schedule G. Guarantees of Securities of Other Issuers

There are no guarantees of securities of other issuing entities by the Group as at June 30, 2026.

Schedule H. Capital Stock

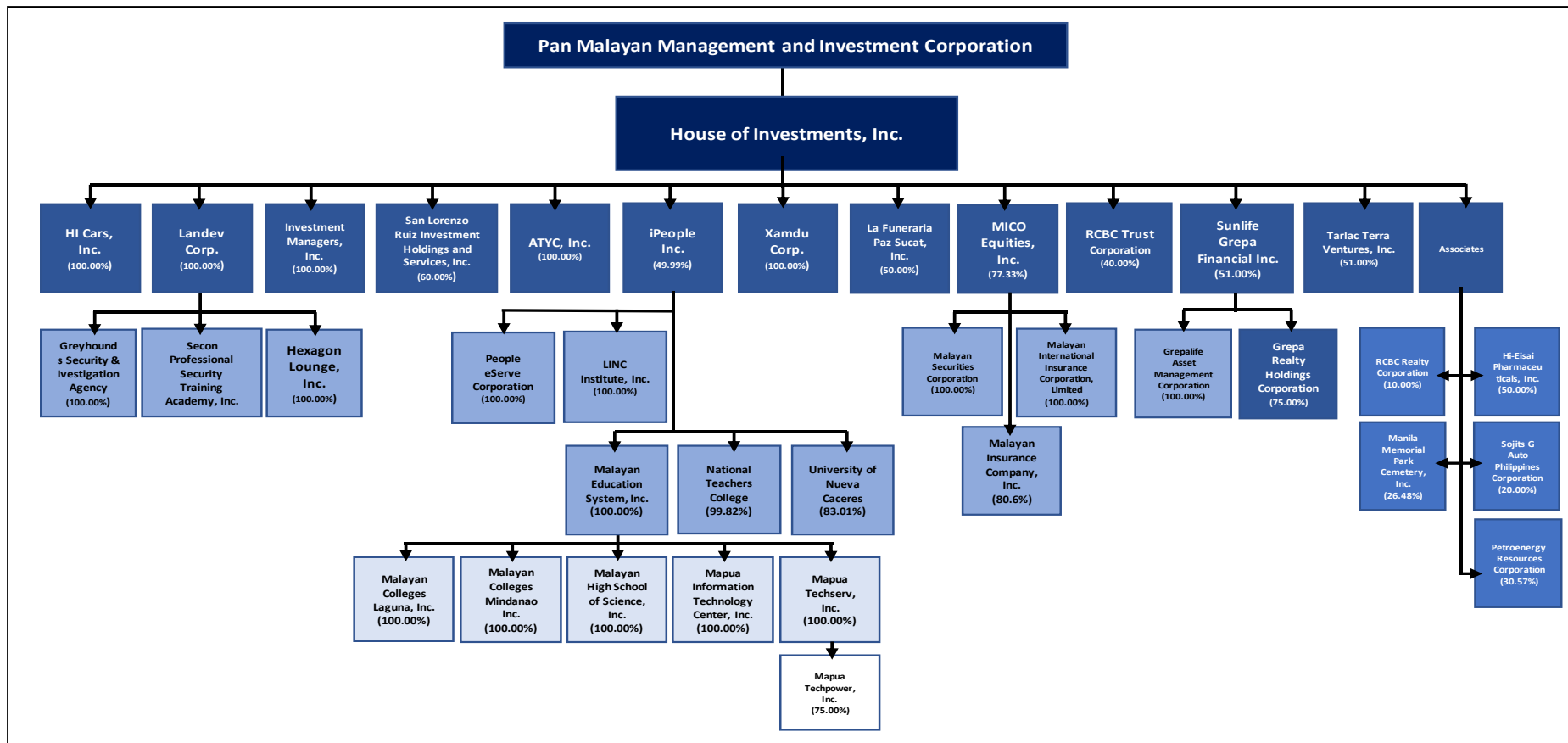
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares held by related parties	Directors, Officers and Employees	Others
Common shares	1,470,000,000	1,469,302,230	1,267,492,501	2,853,400	198,956,329
Preferred shares	2,500,000,000	—	—	—	—

HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and associates as of June 30, 2026:



HOUSE OF INVESTMENTS, INC. AND SUBSIDIARIES

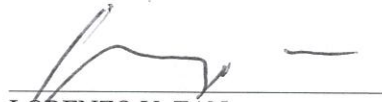
AGING OF ACCOUNTS RECEIVABLE FOR THE QUARTER ENDED JUNE 30, 2026

		No. of days due		
	Total	0 - 30 days	31 - 60 days	over 60 days
Insurance	₱8,184,791,888	5,133,259,762	460,765,730	2,590,766,396
Trust management	189,676,652	118,959,595	10,677,914	60,039,143
Education	2,121,463,029	1,414,702,190	139,598,430	567,162,409
Automotive	311,129,080	195,130,971	17,515,121	98,482,988
Other services	199,671,808	125,228,261	11,240,594	63,202,953
Other receivables	890,896,842	558,744,190	50,153,350	281,999,302
Total	11,897,629,299	7,546,024,969	689,951,139	3,661,653,191
Less: Allowance for doubtful accounts	(644,377,477)	(80,253,197)	(6,309,872)	(557,814,408)
	₱11,253,251,822	₱7,465,771,772	₱683,641,267	₱3,103,838,783

SIGNATURES

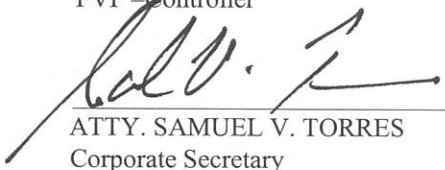
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on AUG 10 2026, 2026.

By:


LORENZO V. TAN
President & CEO


GEMA O. CHENG
EVP- COO, CFO & Treasurer


MARIA TERESA T. BAUTISTA
FVP - Controller


ATTY. SAMUEL V. TORRES
Corporate Secretary

SUBSCRIBED AND SWORN to before me this AUG 10 2026 day of AUGUST 2026 affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	DOCUMENT NO.	DATE OF ISSUE	PLACE OF ISSUE
Lorenzo V. Tan	P9150965B	03-10-2022	Manila
Gema O. Cheng	DL#N06-84-036923	12-08-2022	Mandaluyong
Maria Teresa T. Bautista	DL#06-92-094899	11-23-2022	Makati
Atty. Samuel V. Torres	P2022842C	10-14-2022	Manila

Notary Public

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Page No. 32
Book No. 65
Series of 2026.


ATTY. RYAN ANTHONY G. PERENA
NOTARY PUBLIC for MAKATI CITY
Commission No. M-012 until Dec. 31, 2027
Roll of Attorneys 77327
PTR No. 10764513; 01/02/2026; Makati City
IBP OR No. 566188; 12/16/2025; Pasig City
MCLE Compliance No. VIII-0000389
8553 San Jose St., Guadalupe Nuevo, Makati City