POLARIS REINSURANCE BROKERS, INC.

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

POLARIS REINSURANCE BROKERS, INC.

ANNUAL REPORT

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POLARIS REINSURANCE BROKERS, INC.
2025 ANNUAL STATEMENT

BALANCE SHEET

	YEAR ENDING Dec. 31, 2025	PREVIOUS YEAR ENDING Dec. 31, 2024
Current Assets	82,971,361	59,347,195
Non-Current Assets	3,571,743	102,268
Total Assets	**86,553,104**	**59,449,463**
Current Liabilities	50,031,987	26,630,355
Total Liabilities	**50,031,987**	**26,630,355**
Capital Stock	20,000,000	20,000,000
Retained Earnings (Deficit)	16,501,117	12,819,108
Total Stockholders' Equity	**36,501,117**	**32,819,108**
Total Liabilities and Equity	**86,533,104**	**59,449,463**

INCOME STATEMENT

	YEAR ENDING Dec. 31, 2025	PREVIOUS YEAR ENDING Dec. 31, 2024
Gross Revenue	26,167,162	17,010,199
Cost Operating Expenses	24,331,947	16,405,993
Operating Profit	1,835,665	604,206
Other Income	2,540,667	2,600,739
Profit Before Tax	4,376,332	3,204,945
Tax Expense	694,322	464,582
Net Profit/Total Comprehensive Income	**3,682,010**	**2,740,363**

ELECTED DIRECTORS AND OFFICERS FOR THE YEAR 2025

PATRICK YAP	CHAIRMAN OF THE BOARD
FRANCIS ALMIRA	PRESIDENT
ABEGAEL ISELLE GO	TREASURER
JAIME DIAZ	DIRECTOR
EDWINA CABELLON	CORP. SECRETARY

ACYATAN & CO.
Certified Public Accountants

December 26, 2025

The Board of Directors
POLARIS REINSURANCE BROKERS, INC.
5th Floor, BA Lepanto Bldg.
Paseo de Roxas, Makati City

THRU : Mr. FRANCIS ALMIRA, President

SUBJECT: *PROPOSAL – EXTERNAL AUDIT – CY 2025*

Ladies and Gentlemen:

In response to your request, we are pleased to submit our proposal to provide professional external audit services involving the books of accounts and financial statements of **POLARIS REINSURANCE BROKERS, INC.** for calendar year ending December 31, 2025.

The attached proposal discusses in detail the following:

- Objective and Scope of the Audit
- Our Responsibilities
- Management Responsibilities
- Reporting and Deliverables
- Professional Fees and Expenses
- Firm's and Partner's Accreditation
- Other Provisions

If the terms of this proposed professional engagement merit your approval, please sign on the space provided for below and return a copy of this proposal to us. We shall be pleased to discuss the proposal with you in detail at your soonest convenience.

Thank you for giving us this opportunity to offer our services to your Company.

Very truly yours,

EFREN N. ACYATAN
Senior Partner

CONFORME:

By: ______________________________ **Date:** ________________________
(Signature over Printed Name)

POLARIS REINSURANCE BROKERS, INC.
5th Floor, BA Lepanto Bldg.
Paseo de Roxas, Makati City

PROPOSAL FOR EXTERNAL AUDIT

OBJECTIVE AND SCOPE OF THE AUDIT

You have requested that we audit the annual financial statements of **POLARIS REINSURANCE BROKERS, INC.**, which comprise the Statement of Financial Position, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and a summary of significant accounting policies and other explanatory information for the year ending December 31, 2025. Our audits will be conducted with the objective of expressing an opinion on the annual financial statements.

Our financial audit service will include a review of the supplementary information required under Bureau of Internal Revenue (BIR) Revenue Regulations (RR) Nos. 15-2010 and 19-2011.

Our financial audit service will also include routine consultation on tax and accounting matters. It will not include tax compliance review and tax advisory service that usually entails extensive work such as research, data gathering and consultation.

OUR RESPONSIBILITIES

Our Audit in Accordance with Philippine Auditing Standards

We will conduct our audit in accordance with Philippine Standards on Auditing (PSA), which require that we obtain reasonable, rather than absolute assurance that the financial statements as a whole are free of material misstatements, whether caused by error or fraud and issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Because of the inherent limitations of an audit and of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with PSA.

In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing any significant deficiencies in the internal control relevant to the audit of the financial statements that we have identified during the audit.

The conduct of our audit in accordance with PSA means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent.

Our audit files may, however, be subject to review as part of the quality control review program by the regulatory bodies such as SEC, IC and Board of Accountancy.

Our Responsibility to Regulatory Agencies

Insurance Commission (IC)

As part of our responsibility as an accredited external auditor of the Insurance Commission (IC) and pursuant to Section 8 of IC Circular Letter No. 2024-03 dated January 29, 2024 (the "Revised Framework on the Accreditation of External Auditors"), we are required to directly report to the IC any of the following cases that may be discovered during our audit conducted in accordance with the Philippine Standards on Auditing (PSA), within fifteen (15) calendar days from discovery:

a. Any material findings involving fraud or error;
b. Losses or potential losses the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the Company;
c. Significant doubt as to the ability of the Company to continue as a going concern based on IC prudential requirements;
d. Material breach of laws of IC rules and regulations on the prescribed net worth and risk-based capital requirements of the Company; and
e. Material internal control weaknesses which may lead to financial reporting problems;

Where a thorough investigation or evaluation of facts is necessary on a discovery of an adverse matter, an initial report shall be submitted within the prescribed timeline; provided that a complete report is submitted not later than fifteen (15) calendar days from the completion of investigation or evaluation.

In case there are no matters to report (e.g. fraud, dishonesty, breach of laws, etc.) we shall submit directly to IC within 15 calendar days after the closing of the audit engagement a notarized certification that there is none to report.

The disclosure of information above shall not constitute a breach of confidentiality on our part, nor shall it be ground for civil, criminal or disciplinary proceedings against us.

The management of the Company, shall be given the opportunity to be present in our discussions with IC regarding the audit findings, except in circumstances where we believe that the Company's management is involved in fraudulent conduct.

We shall be allowed read-only access to the IC's examination report of the Company, and we shall treat the contents of the examination report appropriately and confidentially.

The Company's Management shall be responsible for keeping us fully informed of existing and subsequent changes to prudential regulatory and statutory requirements of the IC. The Company and the Firm will comply with all the requirements of the IC Circular Letter No. 2024-03.

In case of pre-termination of our engagement contract or resignation/replacement as external auditor, we shall directly report to the IC within fifteen (15) days and state the reason(s) thereof.

Furthermore, it is understood that our accountability as external auditor is based on matters within the normal coverage of an audit conducted in accordance with PSA and identified non-audit services provided herewith. Other than the foregoing provisions, we do not specifically review the Company's compliance with IC regulations.

Securities and Exchange Commission (SEC)

Also, as part of our responsibility as an accredited external auditor of the Securities and Exchange Commission (SEC) and in compliance with the requirements of Revised SRC Rule 68, we shall report to the SEC any of the following cases may have been discovered by us in the conduct of the audit of the Company's financial statements prepared in accordance with PFRSs:

1. Any findings of:

   i. Violation of SRC Rule 68
   ii. Offering of securities without prior registration with the Commission under the SRC; or
   iii. Engaging in a business of financing or lending without a secondary license

2. Any material finding involving fraud or error;

3. Losses or potential losses, the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the Company;

4. Any findings to the effect that the consolidated assets of the Company, on a going concern basis are no longer adequate to cover the total claims of the creditors.

5. Material internal control weakness which may lead to financial reporting problem.

Our disclosure of the above information to the SEC shall not be a ground for civil, criminal or disciplinary proceedings against us. Our responsibilities as external auditor are based on matters that are within the coverage of an audit conducted in accordance with PSA.

Planning and Performance of the Audit

We will plan our audit as expeditiously as possible to minimize disruptions of your work.

Our audit shall be conducted as follows:

1. Interim audit covering the period from January 1, 2025 to September 30, 2025

2. Year-end audit as of December 31, 2025

At the start of our work, we will present to you in a kick-off meeting our audit approach and timetable.

We look forward to the full cooperation of your staff to do the preparatory work that will be discussed in our audit instructions letter. We also trust that they will make available to us whatever documentation and other information that are requested in connection with our audit.

MANAGEMENT RESPONSIBILITIES AND REPRESENTATIONS

Our audits will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards (PFRSs);

2. For such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and error; and

3. To provide us with:

    a. Access to all information of which management is aware of that is relevant to the preparation of the financial statements such as records, documentation and other matters;
    b. Additional information that we may request from management for the purpose of the audit;
    c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
    d. Draft financial statements and any accompanying information on a timely manner to allow us to complete the audit; and
    e. Written representation letter that management has fulfilled its responsibilities for the preparation and presentation of financial statements.

4. For the preparation and fair presentation of the:

    a. Supplementary information required by RR Nos. 15-2010 and 19-2011 issued by the BIR.
    b. Supplementary information required by the Revised Securities Regulation Code (SRC) Rule 68,
    c. Supplementary information required by MC Nos. 18 Series of 2024 issued by the SEC.

5. For the preparation of Statement of Management Responsibility

    In accordance with Revised SRC Rule 68, management of all corporations covered by this Rule is required to acknowledge their responsibility over their financial statements. For this purpose, the financial statements to be filed with the Securities and Exchange Commission (SEC) shall be accompanied by a Statement of Management's Responsibility for Financial Statements signed by the Chairman of the Board, the Chief Executive Officer, and the Chief Financial Officer.

    In addition, the management is also mandated to comply with the submission of a Statement of Management's Responsibility for Annual Income Tax Return to accompany the financial statements, pursuant to Revenue Regulation No. 3-2010.

REPORTING AND DELIVERABLES

Our deliverables will consist of the following:

1. Audit report for the audited financial statements for submission to the IC, SEC and BIR, stating whether, in our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and of its financial performance and its cash flows. Our audit report will contain the following contents:

    - Auditor's Opinion

      This section shall include a section with the heading "Opinion" and shall use the phrases "The financial statements present fairly, in all material respects, in accordance with the applicable financial reporting framework" to express an unmodified opinion on financial statements prepared in accordance with a fair presentation framework.

      Our audit opinion, however, shall be modified under any of the following situations:

        - Inability to obtain sufficient appropriate audit as a result of limitations imposed by management or external circumstances;
        - The financial statements are materially misstated; or
        - Existence of a major uncertainty affecting the financial statements.

      We may also include a separate paragraph to emphasize a matter without modifying our audit opinion to enable readers to have a better understanding of the financial statements.

    - If applicable, an auditor's report on the supplementary information required by Part 1, Section 5 of the Revised Securities Regulation Code (SRC) Rule 68;

    - A Supplemental Written Statement Report as to the number of stockholders owning one hundred (100) or more shares, as required by the Revised SRC Rule 68;

    - An auditor's report to accompany the financial statements and the annual income tax return of the Company for filing with the Bureau of Internal Revenue (BIR) in compliance with BIR Revenue Regulation V-20;

2. Signed reports and certifications as per reportorial requirements of the IC and SEC.

3. Management Letter on our major recommendations to improve the Company's internal accounting control system arising from our audit, if any; and

4. Client Advisory Letter, an email of recent laws, regulations, and rulings issued by government regulatory bodies affecting business and the economy.

PROFESSIONAL FEES AND EXPENSES

Professional Fees

Our professional fees are based on the number and seniority of staff required, the degree of skill and responsibility involved and the resources required in completing the engagement. For this particular engagement, we propose a fee of **PESOS: SIXTY FIVE THOUSAND (₱65,000.00) only**, exclusive of the 12% VAT.

Out-of-pocket Expenses
Out-of-pocket expenses will be billed to you as these are incurred. These amounts usually consist of transportation, communication, supplies, meals, reproduction of financial statements, communication, printing, postage, and other necessary expenses incurred by our professional staff during their conduct of the audit.

Other Charges
Other extended services/works that will be incurred by the Firm to complete the submission of the deliverables shall likewise be billed in addition to the professional fee indicated herein.

Billing
Upon start of audit, we shall bill you the equivalent of fifty (50%) percent of the professional fees, to be deducted from the final billing of the engagement. We shall bill you the balance upon completion of the required reports.

FIRM'S and PARTNER'S ACCREDITATION

For your reference and in order to assist you in complying with the requirements of the Securities and Exchange Commission (SEC) as per Revised SRC Rule 68, we are enclosing the following Certificates of Accreditation of ACYATAN & CO., CPAs and Mr. EFREN N. ACYATAN.

Professional Regulation Commission/ Board of Accountancy	Annex "A"
Securities and Exchange Commission	Annex "B" and "B-1"
Insurance Commission	Annex "C" and "C-1"
Bureau of Internal Revenue	Annex "D" and "D-1"

STANDARD TERMS AND CONDITIONS (STC)

In addition to the terms specified in this engagement letter, the terms set out in the attached document entitled "Standard Terms and Conditions of Professional Engagement" also form part of this engagement.

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STANDARD TERMS AND CONDITIONS OF PROFESSIONAL ENGAGEMENT

These standard terms and conditions are to be read together with our engagement letter provided to you. All these are applicable to all services that we perform for you as described in that letter of engagement. In case of inconsistency between the terms in the engagement letter and these standard terms and conditions, the former shall prevail.

OUR OBLIGATIONS

Our firm will provide the services as described in our engagement letter with the reasonable skill and care and exert all efforts to complete the services within the agreed time, and the Auditor in-charge will attend the company Board Meeting. However, the quality and timely delivery of our services will depend on inputs from you and other necessary parties.

MANAGEMENT OBLIGATIONS

In order for us to fulfill our obligations, the Management agrees to provide us with complete, accurate and timely information. We are entitled to rely on the accuracy of that information provided by you, your representatives, or your advisers without independently verifying it.

We are permitted to access the files, accounting records, other documents including, contract of agreements, minute books, share registers, financial statements, vouchers, correspondence and any other information and explanations which we require for the purpose of the audit.

The Management must provide all needed resources that are reasonably necessary to ensure timely approval, development and sign-off of all project plans, specifications, accounts and deliverables.

DELAYS

We will not be liable for any unanticipated problems or delay in performing the agreed services if that problem or delay arises from anything beyond our control - including the untimely performance by you of your obligations.

In addition, if the delay is substantial, we are entitled to review and discuss with you any additional fees that we may bill you, otherwise terminate the service engagement.

CONFIDENTIALITY

Both parties should take reasonable steps to maintain (within our respective organizations) the confidentiality of any proprietary or confidential information of the other. If you wish to provide a third party with copies of our reports, letters, information or advice, then we reserves the right to: (1) set the terms on which those copies are given or used; (2) or require the third party to enter into a direct relationship with us.

FEES AND EXPENSES

Our fees are based on the number and seniority of staff required, the degree of skill and responsibility involved, the resources required to complete the engagement. In addition to our fees, we will also charge for any reasonable expenses (out-of-pocket expenses (OPE) incurred during the engagement, including but not limited to travel, meals and accommodation.

PAYMENT

Payment of fees and expenses should be made within 30 days from the billing date. We reserve the right to discontinue any further work for you until all outstanding accounts are paid in full.

INTELLECTUAL PROPERTY RIGHTS

Our firm will retain all copyright and other intellectual property rights in everything developed, designed or created by us, either before or during the course of an engagement, including systems methodologies, software, know-how and working papers. We will also retain all copyright and other intellectual property rights in all reports, written advice or other materials provided by us to you, although the fees you pay us allow you to use those materials for the purposes for which they were created under this engagement.

FORCE MAJEURE

Neither you nor our firm will be liable in any way for failure to perform, or delay in performing, our respective obligations under this engagement if the failure or delay is due to causes outside the reasonable control of the party that has failed to perform.

LIABILITY CLAUSE

Our firm's liability relating to professional services rendered under this proposal shall be limited to actual damages sustained by you as a direct result of our firm's grossly negligent or willful act or omission arising out of or in connection with this engagement, provided, that in all cases, our firm's liability shall be only up to the extent of the fees (net of VAT) received by us for providing the services.

TERMINATION

Our engagement may be terminated with immediate effect by either party by notice in writing to the other party with one (1) week prior notice. If termination occurs, fees and expenses incurred to the date of termination are payable by you.

Upon termination for any reason, the parties shall return each other's confidential information, but our firm may retain a set of our working papers even if they contain confidential information of the client.

GOVERNING LAW AND JURISDICTION

All aspects of our services and the engagement letter are governed by and construed in accordance with the laws of the Republic of the Philippines and any dispute arising out of this engagement or these terms shall be subject to the exclusive jurisdiction of the Philippine courts, to which both parties hereby agree to submit for these purposes.

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