ANNUAL REPORT 2025

M PIONEER INSURANCE INC

Pioneer House Makati, 108 Paseo
de Roxas St., Legazpi Village,
Makati City
www.mpioneer.com.ph

CORPORATE PROFILE

M Pioneer Insurance Inc. (M Pioneer), formerly Republic Surety and Insurance Company, Incorporated, is owned by Pioneer Insurance & Surety Corporation (Pioneer) and Manila Electric Company (Meralco). In December 2017, Pioneer acquired a 51%-equity interest in Republic, with Meralco's interest at 49%.

M Pioneer is poised to propel the company to newer heights as it achieves growth through the support of a dynamic, pro-active team and two (2) strong shareholder groups.

M Pioneer continues to write non-life insurance products for Property, General Accident Lines, Marine, Motor, Surety, Homeowner's and other packages. It aims to be a major player in the local insurance industry; a company guided by its core values.

Board of Directors

Atty. Ray C. Espinosa, Chairperson

Mr. Yangtze P. Quin, President/CEO

Mr. Lorenzo O. Chan, Jr., Member

Ms. Lianne C. Coyukiat, Member

Atty. Ma. Bertola D. Medialdea, Member

Atty. William S. Pamintuan, Member

Ms. Betty C. Siy-Yap, Member

Mr. Vitaliano N. Nanagas II, Independent Director

OUR CORE VALUES

Integrity

We know who we are and take pride in our mission. We live out our values. We strongly believe in this dual standard: **To be strict with others but strictest with one's self, especially when no one is looking.**

Excellence

We go above and beyond mere compliance. We believe in doing the right things the right way. **We continuously better our best**. We believe that mediocrity is a form of dishonesty; it is not being true to who we are.

Malasakit

Tunay ang pagpapahalaga natin sa ating gawain, tungkulin, at layunin. Kaya't itinuturing nating itong parang atin at ipinapanalo ang pagbangon at pag-unlad.

We genuinely value our work and duty. That's why we take ownership of it and work hand-in-hand in championing the progress of all stakeholders.

OUR PRODUCTS

- Burglary Insurance
- Machinery Breakdown
- Business Owner's Insurance Package
- Contractors All Risk
- Electronic Equipment Insurance
- Erection All Risks
- Safe Trip
- Fidelity Guarantee Insurance
- Fire Insurance
- MediCash Dengue Health Insurance
- MediCash Leptospirosis Health Insurance
- Group Personal Accident Insurance
- Comprehensive General Liability
- Marine Cargo Insurance
- Money, Securities, Payroll Robbery Insurance
- Motor Insurance
- Property Floater
- Personal Accident Insurance
- Golf Insurance
- Surety Bonds
- Homeowner's Insurance Package

FINANCIAL STATEMENTS

M PIONEER INSURANCE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025
(With Comparative Figures for 2024)

	Note	2025	2024
ASSETS			
Cash and cash equivalents	4	₱1,076,333,473	₱682,731,374
Insurance receivables	5	1,220,783,271	920,710,291
Financial assets at fair value through other comprehensive income (FVOCI)	6	467,497	409,870
Investments in debt securities at amortized cost	6	1,321,827,653	1,417,845,569
Other receivables	5	20,248,504	26,400,795
Reinsurance assets	8	1,390,101,607	1,625,960,176
Deferred acquisition costs	7	37,957,336	41,492,051
Property and equipment	9	1,630,003	3,057,860
Right-of-use (ROU) asset	22	1,749,331	3,686,143
Net retirement plan asset	20	9,816,652	6,616,250
Other assets	10	72,902,919	106,252,440
		₱5,153,818,246	₱4,835,162,819
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	11	₱2,157,833,761	₱2,462,109,061
Insurance payables	12	782,341,198	486,104,076
Accounts and other payables	13	141,681,117	127,570,839
Deferred reinsurance commissions	7	29,300,927	29,395,534
Lease liabilities	22	2,079,974	4,238,607
Total Liabilities		3,113,236,977	3,109,418,117
Equity			
Capital stock		900,000,000	900,000,000
Contributed surplus	15	914,371,606	914,371,606
Retained earnings (deficit)		220,701,209	(89,532,397)
Other components of equity:			
Cumulative remeasurement gain on net retirement plan asset	20	6,180,363	1,635,028
Cumulative unrealized loss on fair value changes of financial assets at FVOCI	6	(671,909)	(729,535)
Total Equity		2,040,581,269	1,725,744,702
		₱5,153,818,246	₱4,835,162,819

See accompanying Notes to the Financial Statements.

M PIONEER INSURANCE, INC.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

(With Comparative Figures for 2024)

	Note	2025	2024
REVENUE			
Gross premiums earned on insurance contracts	16	₱1,895,030,832	₱1,637,322,513
Reinsurers' share of gross premiums earned	16	(1,361,362,865)	(1,099,890,241)
Net premiums earned on insurance contracts		533,667,967	537,432,272
Commission income	7	68,832,700	58,567,270
Interest income	19	137,826,636	135,155,749
Other income	19	4,307,458	13,297,774
		744,634,761	744,453,065
BENEFITS, CLAIMS AND EXPENSES			
Net insurance benefits and claims	17	110,698,489	251,416,669
Commission expense	7	93,136,869	95,635,491
Operating expenses	18	87,713,629	86,598,140
Interest expense		314,135	397,371
Other underwriting expenses		53,225,777	50,859,400
		345,088,899	484,907,071
INCOME BEFORE INCOME TAX		399,545,862	259,545,994
PROVISION FOR INCOME TAX	21		
Current		62,180,787	21,409,973
Final		27,131,469	26,665,485
		89,312,256	48,075,458
NET INCOME		310,233,606	211,470,536
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss when realized:			
Remeasurement gain on net retirement plan asset	20	4,545,335	510,057
Unrealized gain on fair value changes of financial assets at FVOCI	6	57,626	138,254
		4,602,961	648,311
TOTAL COMPREHENSIVE INCOME		₱314,836,567	₱212,118,847

See accompanying Notes to Financial Statements.

M PIONEER INSURANCE, INC.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

(With Comparative Figures for 2024)

	Note	2025	2024
CAPITAL STOCK - ₱100 par value			
Authorized, issued and outstanding – 9,000,000 shares		₱900,000,000	₱900,000,000
CONTRIBUTED SURPLUS	15	914,371,606	914,371,606
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of year		(89,532,397)	(301,002,933)
Net income		310,233,606	211,470,536
Balance at end of year		220,701,209	(89,532,397)
CUMULATIVE REMEASUREMENT GAIN ON NET RETIREMENT PLAN ASSET			
Balance at beginning of year		1,635,028	1,124,971
Remeasurement gain	20	4,545,335	510,057
Balance at end of year		6,180,363	1,635,028
CUMULATIVE UNREALIZED LOSS ON FAIR VALUE CHANGES OF FINANCIAL ASSETS AT FVOCI			
Balance at beginning of year		(729,535)	(867,789)
Unrealized gain on fair value changes	6	57,626	138,254
Balance at end of year		(671,909)	(729,535)
TOTAL EQUITY		₱2,040,581,269	₱1,725,744,702

See accompanying Notes to Financial Statements.

M PIONEER INSURANCE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

(With Comparative Figures for 2024)

	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱399,545,862**	₱259,545,994
Adjustments for:			
Interest income	19	**(137,826,636)**	(135,155,749)
Provision for impairment losses on:			
Creditable withholding tax (CWT)	10	**4,572,575**	–
Insurance receivable	5	**–**	4,218,716
Depreciation and amortization	9	**3,350,474**	9,387,527
Unrealized foreign exchange gain	19	**(1,388,516)**	(9,600,471)
Retirement benefit expense	20	**1,366,101**	1,262,958
Interest expense	12	**314,135**	397,371
Gain on disposal of property and equipment	9	**(100,821)**	(219,999)
Operating income before changes in working capital		**269,833,174**	129,836,347
Decrease (Increase) in:			
Insurance receivables		**(300,072,980)**	(329,459,610)
Other receivables		**5,594,017**	(4,316,197)
Reinsurance assets		**235,858,569**	(345,605,809)
Deferred acquisition costs		**3,534,715**	174,636
Other assets		**28,776,945**	7,028,179
Increase (decrease) in:			
Insurance contract liabilities		**(304,275,300)**	252,975,504
Insurance payables		**296,126,328**	183,994,958
Accounts and other payables		**14,089,110**	3,784,976
Deferred reinsurance commissions		**(94,607)**	6,779,120
Net cash generated from (used for) operations		**249,369,971**	(94,807,896)
Income tax paid		**(89,312,256)**	(48,075,458)
Net cash provided by (used in) operating activities		**160,057,715**	(142,883,354)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**137,762,257**	135,765,556
Proceeds from maturities and sale of investments in debt securities at amortized cost	6	**96,640,569**	238,064,000
Proceeds from sale of property and equipment	9	**115,016**	219,999
Additions to:			
Investments in debt securities at amortized cost	6	**–**	(64,000,000)
Property and equipment	9	**–**	(161,143)
Net cash provided by investing activities		**234,517,842**	309,888,412

(Forward)

	Note	Years Ended December 31 2025	2024
CASH FLOW FROM A FINANCING ACTIVITY			
Payment of lease liabilities	22	**(₱2,361,975)**	(₱5,627,503)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**392,213,582**	161,377,555
NET EFFECT OF FOREIGN CURRENCY TRANSLATION	19	**1,388,516**	9,600,471
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**682,731,374**	511,753,349
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**₱1,076,333,473**	₱682,731,374

See accompanying Notes to Financial Statements.

INDEPENDENT AUDITOR'S REPORT

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
M Pioneer Insurance Inc.
Pioneer House Makati
108 Paseo De Roxas
Legaspi Village, Makati City

Opinion

We have audited the accompanying financial statements of M Pioneer Insurance Inc. (the Company), which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with the Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Other Matter

The financial statements of the Company as at and for the year ended December 31, 2024, were audited by another auditor whose report dated March 26, 2025, expressed an unqualified opinion on those financial statements.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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FIRM PRINCIPLES. WISE SOLUTIONS.

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

REYES TACANDONG & CO.

PAMELA ANN P. ESCUADRO
Partner
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IC Accreditation No. IC-EA-2025-0050-R
Issued January 22, 2026
Valid for Financial Periods 2025 to 2027
SEC Accreditation No. 128829-SEC Group A
Issued March 23, 2021
Valid for Financial Periods 2020 to 2025
BIR Accreditation No. 08-005144-013-2025
Valid until October 20, 2028
PTR No. 10764016
Issued January 2, 2026, Makati City

April 6, 2026
Makati City, Metro Manila