

WellCare Health Maintenance, Inc.
*(A Wholly Owned Subsidiary of
Transnational Diversified Corporation)*

Financial Statements
December 31, 2024 and 2023

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
WellCare Health Maintenance, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of WellCare Health Maintenance, Inc. (a wholly owned subsidiary of Transnational Diversified Corporation; the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

Basis for Opinion

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

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 PFRSs 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.



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with PSAs, 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

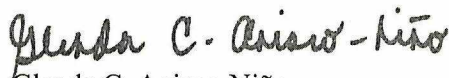


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulation 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation 15-2010 in Note 21 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.


Glenda C. Anisco-Niño

Partner

CPA Certificate No. 114462

Tax Identification No. 225-158-629

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-151-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10465259, January 2, 2025, Makati City

May 23, 2025



WELLCARE HEALTH MAINTENANCE, INC.
(A Wholly Owned Subsidiary of Transnational Diversified Corporation)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱73,569,233	₱88,999,028
Short-term investments (Note 5)	8,733,000	8,950,000
Trade and other receivables (Notes 6 and 17)	49,576,505	24,231,211
Prepaid expenses and other current assets (Note 7)	4,433,982	2,128,711
Total Current Assets	136,312,720	124,308,950
Noncurrent Assets		
Property and equipment - net (Note 8)	3,936,251	2,474,418
Software costs - net (Note 9)	5,199,988	4,574,247
Deferred tax asset - net (Note 19)	1,625,196	1,157,617
Other noncurrent assets	606,200	606,200
Total Noncurrent Assets	11,367,635	8,812,482
TOTAL ASSETS	₱147,680,355	₱133,121,432
LIABILITIES AND EQUITY		
Current Liabilities		
Healthcare plan liabilities (Note 10)	₱47,077,458	₱53,081,894
Accrued expenses and other payables (Note 11)	10,994,847	13,613,027
Income tax payable	4,235,717	4,257,476
Dividends payable (Note 12)	20,000,000	—
Total Current Liabilities	82,308,022	70,952,397
Noncurrent Liability		
Retirement benefit obligation (Note 18)	2,910,363	3,136,151
Total Liabilities	85,218,385	74,088,548
Equity		
Capital stock (Note 12)	33,000,000	33,000,000
Remeasurement losses on retirement benefit obligation (Note 18)	(2,419,211)	(2,559,816)
Retained earnings	31,881,181	28,592,700
Total Equity	62,461,970	59,032,884
TOTAL LIABILITIES AND EQUITY	₱147,680,355	₱133,121,432

See accompanying Notes to Financial Statements.



WELLCARE HEALTH MAINTENANCE, INC.
(A Wholly Owned Subsidiary of Transnational Diversified Corporation)
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2024	2023
REVENUE (Note 13)	₱170,157,299	₱137,363,834
DIRECT COSTS (Note 14)	(122,009,531)	(98,132,636)
GROSS PROFIT	48,147,768	39,231,198
GENERAL AND ADMINISTRATIVE EXPENSES (Note 15)	(16,845,333)	(9,659,812)
INTEREST INCOME (Note 4)	46,860	526,178
INCOME BEFORE INCOME TAX	31,349,295	30,097,564
PROVISION FOR/(BENEFIT FROM) INCOME TAX (Note 19)		
Current	8,575,262	7,742,015
Deferred	(514,448)	(320,740)
	8,060,814	7,421,275
NET INCOME	23,288,481	22,676,289
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement gains (losses) on retirement benefit obligation (Note 18)	187,474	(75,117)
Income tax effect	(46,869)	18,779
	140,605	(56,338)
TOTAL COMPREHENSIVE INCOME	₱23,429,086	₱22,619,951

See accompanying Notes to Financial Statements.



WELLCARE HEALTH MAINTENANCE, INC.
(A Wholly Owned Subsidiary of Transnational Diversified Corporation)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Capital Stock	Remeasurement Losses on Retirement Benefit (Note 18)	Retained Earnings	Total
Balance at January 1, 2023	₱33,000,000	(₱2,503,478)	₱20,916,411	₱51,412,933
Total comprehensive income (loss)	—	(56,338)	22,676,289	22,619,951
Cash dividends declared (Note 12)	—	—	(15,000,000)	(15,000,000)
Balance at December 31, 2023	33,000,000	(2,559,816)	28,592,700	59,032,884
Net income	—	—	23,288,481	23,288,481
Other comprehensive come	—	140,605	—	140,605
Cash dividends declared (Note 12)	—	—	(20,000,000)	(20,000,000)
Balances at December 31, 2024	₱33,000,000	(₱2,419,211)	₱31,881,181	₱62,461,970

See accompanying Notes to Financial Statements.



WELLCARE HEALTH MAINTENANCE, INC.
(A Wholly Owned Subsidiary of Transnational Diversified Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱31,349,295	₱30,097,564
Adjustments for:		
Depreciation (Notes 8, 9 and 15)	3,274,090	1,112,291
Interest income (Note 4)	(46,860)	(526,178)
Operating income before changes in working capital	34,576,525	30,683,677
Decrease (increase) in:		
Trade and other receivables	(25,345,294)	15,401,879
Prepaid expenses and other current assets	(2,088,271)	924,908
Other noncurrent assets	–	(56,200)
Decrease in:		
Accrued and other payables	(8,622,616)	(2,737,313)
Retirement benefit obligation	(38,314)	(60,924)
Net cash generated from (used in) operations	(1,517,970)	44,156,027
Interest received	46,860	526,178
Income taxes paid	(8,597,021)	(7,971,190)
Net cash flows provided by (used in) operating activities	(10,068,131)	36,711,015
CASH FLOWS FROM AN INVESTING ACTIVITY		
Additions to property and equipment (Notes 8 and 9)	(5,361,664)	(4,935,382)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid or payable	–	(21,000,000)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(15,429,795)	10,775,633
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	88,999,028	78,223,395
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱73,569,233	₱88,999,028

See accompanying Notes to Financial Statements.



WELLCARE HEALTH MAINTENANCE, INC.
(A Wholly Owned Subsidiary of Transnational Diversified Corporation)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

WellCare Health Maintenance, Inc. (the Company) was registered with the Philippine Securities and Exchange Commission on March 10, 2020 primarily to engage in to establish, maintain, conduct and operate a prepaid group health care delivery system or health maintenance organization through pre-agreed healthcare services or its enrolled members for a fixed fee for a specific period.

The Company is a wholly owned subsidiary of Transnational Diversified Corporation (TDC; ultimate parent company), a company incorporated in the Philippines.

The Company's registered office address is at 551 Cabildo Street, Casa Marinero II Building, Intramuros, Manila.

The Company's financial statements as of and for the years ended December 31, 2024 and 2023 were approved and authorized for issue by the Board of Directors (BOD) on May 23, 2025.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost. The financial statements are presented in Philippine Peso (₱), which is the Company's functional currency.

Statement of Compliance

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

The Company qualifies to report under PFRS for Small Medium-sized Entities Accounting Standard. However, it availed of the exemption granted by the Philippine SEC on the basis that the Company is a subsidiary of TDC, which reports under full PFRSs Accounting Standards.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments to existing standards effective in January 1, 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The following amended standards did not have any significant impact on the Company's financial statements.

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

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*



The amendments clarify:

- 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.
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
 - Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2025

- Amendment to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendment to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards – Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *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. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

On October 17, 2024, the Insurance Commission issued Circular Letter (CL) No. 2024-20, which revised the mandatory effective date of PFRS 17 for Health Maintenance Organizations (HMOs) from January 1, 2025, as stated in CL No. 2022-12, to January 1, 2027.

The Company has decided not to early adopt PFRS 17.

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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*

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting date; or
- Cash unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

The Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.



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 Company.

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 Company 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
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company 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.

Financial Instruments

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

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as financial assets at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.



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

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

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in 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

The Company 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 rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As of December 31, 2024 and 2023, the Company’s financial assets at amortized cost consist of “Cash and cash equivalents” and “Trade and other receivables”.

Financial assets at FVOCI

A financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.



Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include Due and unpaid claims within "Healthcare plan liabilities" "Accrued expense and other payables" and "Dividends payable" measured at amortized costs.

Financial liabilities at amortized cost

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the EIR process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statements of comprehensive income. This category generally applies to interest-bearing financial liabilities.



Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Cash and Cash Equivalents

Cash represents cash on and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and that are subject to an insignificant risk of changes in value. Cash equivalents include short-term investments that can be pre-terminated and readily convertible to known amount of cash and that are subject to an insignificant risk of changes in value.

Prepayments and Other Current Assets

Prepayments and other current assets consist mainly of input value-added tax (VAT) and prepaid expenses.

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 and is presented under “Healthcare plan liabilities” in the 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 and is presented under “Prepaid expenses and other current assets” in the statement of financial position to the extent of the recoverable amount.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepaid Expenses

Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to the statement of comprehensive income as they are consumed in operations or expire with the passage of time.



Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

The initial cost of property and equipment comprises of its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred and if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to expense in the period 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 additional costs of property and equipment.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, as follows:

<u>Category</u>	<u>Number of Years</u>
ICT equipment	3-5
Transportation equipment	10
Office furniture	3-5

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Fully depreciated property and equipment are retained in the accounts until these are no longer in use.

When property and equipment are retired or otherwise disposed of, their cost, accumulated depreciation and any accumulated impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

Other Noncurrent Assets

Other noncurrent assets are composed of cash bonds which are cash advances to service providers as determined in the service agreements. These deposits are measured at the amount of cash outflow at the time of payment and periodically reviewed for impairment.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that nonfinancial assets, namely, prepaid expenses and other current assets, property and equipment, and other noncurrent assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher between 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. When 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 a pre-tax discount rate that reflects current market



assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Any impairment loss is recognized in the statement of comprehensive income.

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 Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

Healthcare Plan Liabilities

Membership Fee Reserves (MFR)

Membership Fee Reserves is the higher of the Unearned Membership Fee Reserves (UMFR) and Unexpired Risk Reserves (URR).

UMFR and URR

UMFR pertains to the unexpired portion of the membership fees of In-force Agreements as at the statement of financial position date and calculated using the 1/365th method. UMFR is presented net of taxes and prepaid and deferred commissions. The change in this account is credited to or charged against membership fee from medical plans over the remaining period of the agreement.

Prepaid commissions pertain to commissions not yet incurred but paid in advance to agents and brokers as a percentage of membership fees collected relative to In-force Agreements while deferred commissions are commissions that are neither paid nor incurred as at the statement of financial position date and relate to the remaining period of the In-force Agreements. These are deferred to the extent that they are recoverable out of future revenue margins. Subsequent to initial recognition, these are amortized to the extent of revenue recognized using the 1/365th method. Amortization is charged against the statement of income.

URR represents the best estimate of future claims and expenses to be incurred during the remaining period of the agreement and after the statement of financial position date, with adjustments for Margin for Adverse Deviation (MfAD). Future claims and expenses shall include estimated claims, agreement maintenance expenses and claims management expenses.

Provision for URR

If URR is greater than UMFR, the difference should be recorded as Provision for URR (an expense) and as additional Membership Fee Reserves.

Claims Reserves and Margin for Adverse Deviation (MfAD)

Claims reserves includes due and unpaid, claims in the course of settlement (ICOS) and those which are incurred but not reported (IBNR) as well as expenses related to settling all outstanding claims, whether reported and unreported, as of statement of financial position date.



Due and unpaid claims pertain to the liabilities for claims that have been received, adjudicated and processed but are not yet paid as at the statement of financial position date. This is included as part of “Claims reserves” under “Healthcare plan liabilities” in the statement of financial position.

Accrued IBNR claims are based on the estimated ultimate cost of all claims incurred but not reported as at the statement of financial position date. These costs include estimates of the Company’s obligation for healthcare services that have been rendered to its members, but for which the related claims have not yet been received from hospitals, doctors and other healthcare providers. The Company develops estimates for healthcare costs incurred but for which the related claims have not yet been received using an actuarial process.

The actuarial models consider factors such as from the date the services were rendered to claims receipt, claim backlogs and other factors affecting the claims amount such as healthcare provider contract rate changes, healthcare consumption and other healthcare cost trends. This is included as part of “Claims reserves” under “Healthcare plan liabilities” in the statement of financial position.

The Company estimates the MfAD using Bootstrapping method to bring the actuarial best estimate of the HMO Agreement liabilities at the 75th percentile level of sufficiency. The purpose of MfAD is to allow for inherent uncertainty of the best estimate of the HMO Agreement Reserves and to consider the variability of claims experience in the best estimate.

Claims handling expense reserve is also calculated to cover estimated expenses in settling all claims incurred, both reported and unreported, outstanding as the statement of financial position date. This is included as part of “Claims Reserve” under “Healthcare plan liabilities” in the statement of financial position.

At each statement of financial position date, the Company re-examines previously established provisions for claims based on actual claim submissions and other changes in facts and circumstances. As the recorded estimated liability in prior period is actualized, the Company adjusts this estimated liability by increasing or decreasing it accordingly.

Retirement Benefits

The Company has a defined retirement benefit plan which requires contributions to be made to separately administered fund.

The net defined benefit asset or liability 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 reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined by an independent qualified actuary using the projected unit credit method.

Defined benefit costs is comprise of service costs, net interest on the net defined benefit liability or asset and 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 occurs.

Net interest on the net defined benefit asset or liability is the change during the period in the net defined benefit asset or liability 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 the statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on net defined benefit liability) are recognized immediately in other comprehensive income 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. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. 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). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company'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.

Capital Stock

The Company has issued capital stock that is classified as equity and is measured at par value for all shares issued.

Retained Earnings

Retained earnings include accumulated profits and losses attributable to the Company's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are declared. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standards transitional provisions.

Revenue from Contracts with Customers

Revenue from contracts with customers are recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.



Revenue outside the scope of PFRS 15

Membership fees

Membership fees represent the expired portion of the total contract value of the HMO Agreement recognized as earned membership fees using 1/365th method, net of Client Experience Refund (CER). The change in UMFR is credited to membership fees while the CER is charged to membership fees upon renewal of the contract. CER is the share of the client in the favorable result of the HMO Agreement where the total actual claims and expenses processed at a given date after the expiry of the HMO Agreement is lower than the agreed minimum total claims and expenses under the HMO Agreement.

Interest income

Interest income is recognized as it accrues taking into account the effective yield of the asset.

Other income

Other income is recognized when earned.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Direct costs

Direct costs include HMO - utilization includes all claims incurred, including estimates of healthcare services that have been rendered to members, but for which the related claims have not yet been received, claims handling expenses, MfAD and liabilities to physicians, hospitals and other medical cost disputes.

Commissions

Commissions are expensed using the 1/365th method based on the total contract value. Unamortized balance is recognized as 'Prepaid commissions' for those contracts which membership fees have been collected while 'Deferred commissions' for uncollected membership fees presented as a reduction from UMFR in the statement of financial position.

General and administrative expenses

General and administrative expenses are generally recognized when the services are used or the expenses arise.

Leases

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

Company as a Lessee

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



Income Taxes

Current tax

Current tax liabilities for the current and prior periods are measured at the amount expected to be paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized in the future.

The carrying amount of deferred tax assets is reviewed at each 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 income tax assets to be utilized in the future.

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

Deferred tax relating to items recognized in other comprehensive income is recognized in other comprehensive income.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the statements of comprehensive income.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized in profit or loss, net of any reimbursement.

Contingencies

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

Events After the Reporting Date

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



3. Significant Accounting Estimates and Assumptions

The Company's financial statements prepared in accordance with PFRSs Accounting Standards require management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the Company's financial statements. Actual results could differ from such estimates. Estimates and assumptions 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.

Estimates and Assumptions

Impairment of Financial Assets at Amortized Cost

The calculation is initially based on the Company's historical observed default rates. The Company will calibrate the calculation to adjust historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. 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 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 Company's historical credit loss experience and forecast economic conditions may also not be representative of customer's actual default in the future.

No ECL was recognized in 2024 and 2023. The carrying value of trade and other receivables as of December 31, 2024 and 2023 is disclosed in Note 6.

Estimating Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on the collective assessment of internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As of December 31, 2024 and 2023, the net book values of property and equipment are disclosed in Note 8. The estimated useful lives are disclosed in Note 3.

Estimating Impairment of Nonfinancial Assets

The Company assesses impairment of an asset whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- 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.



An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the asset's value in use. The value in use is based on the present value of estimated future cash flows expected to arise from the 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.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the asset, the Company is required to make estimates and assumptions that can materially affect the financial statements.

No impairment loss on prepaid expenses and other current assets, property and equipment and other noncurrent assets was recognized in 2024 and 2023. The aggregate carrying amounts of prepaid expenses and other current assets, property and equipment and other noncurrent assets as of December 31, 2024 and 2023 are disclosed in Notes 7, 8, and 9.

Estimating Retirement Benefits

The cost of retirement benefit plans and present value of the defined benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and future retirement benefit increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases and retirement benefit increases are based on expected future inflation rates for the specific country.

The Company's retirement benefit obligation as of December 31, 2024 and 2023 including related retirement benefit expense and rereasurement gains/losses are disclosed in Note 18.

Estimating Realizability of Deferred Tax Assets

The Company reviews its deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized in the future.

The Company's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on forecasted taxable income. This forecast is based on Company's past results and future expectations on revenues and expenses. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized in the future.

The Company has recognized deferred income tax assets on deductible temporary differences as of December 31, 2024 and 2023 as disclosed in Note 19.



Determination of estimated IBNR claims including MfAD

These costs are actuarially determined for future payments on claims that have been incurred but have not been reported to estimate the Company's obligation for healthcare services that have been rendered to its members and re-opened claims disputes that may occur in the future. In performing the actuarial valuation, the assumptions used are intended to be neutral estimates of the most likely or expected outcome ("best estimate"). A Margin for Adverse Deviation (MfAD) is then applied to the best estimate to bring the estimated liabilities to a 75% confidence level of assurance or sufficiency.

IBNR reserves as of December 31, 2024 and 2023 are disclosed in Note 10.

4. Cash and Cash Equivalents

	2024	2023
Cash in banks	₱73,419,233	₱88,849,028
Cash on hand	150,000	150,000
	₱73,569,233	₱88,999,028

Cash in banks earn interest at the respective bank deposit rates.

Interest income earned amounted to ₱46,860 and ₱526,178 and in 2024 and 2023, respectively.

5. Short-term investments

Short-term investments are made annually depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

As of December 31, 2024 and 2023, the Company's short-term investments amounted to ₱8,733,000 and ₱8,950,000, respectively .

6. Trade and Other Receivables

	2024	2023
Trade receivables	₱4,556,213	₱5,037,007
Due from related parties (Note 17)	30,958,544	18,936,452
Other receivables	14,061,748	257,752
	₱49,576,505	₱24,231,211

Trade receivables are noninterest-bearing and are normally on 30-day grace period. The Company assessed all trade and other receivables as collectible and in good standing. There are no impaired trade and other receivables.

Other receivables consist mainly of advances to officers and employees.



7. Prepaid Expenses and Other Current Assets

This account consists of:

	2024	2023
Input VAT	₱4,423,389	₱2,035,546
Others	10,593	93,165
	₱4,433,982	₱2,128,711

Other current assets consist of prepayments of insurance for transportation equipment.

8. Property and Equipment

This account consists of property and equipment carried at cost amounts as follows:

	2024			
	ICT Equipment	Transportation Equipment	Office Furniture	Total
Cost:				
Balances at beginning of year	₱2,192,939	₱1,944,285	₱228,010	₱4,365,234
Additions	355,804	2,007,143	54,010	2,416,957
Balances at end of year	2,548,743	3,951,428	282,020	6,782,191
Accumulated depreciation:				
Balances at beginning of year	1,437,286	287,304	166,226	1,890,816
Depreciation (Note 15)	487,979	422,840	44,305	955,124
Balances at end of year	1,925,265	710,144	210,531	2,845,940
Net book values	₱623,478	₱3,241,284	₱71,489	₱3,936,251

	2023			
	ICT Equipment	Transportation Equipment	Office Furniture	Total
Cost:				
Balances at beginning of year	₱2,145,962	₱1,944,285	₱160,397	₱4,250,644
Additions	46,977	—	67,613	114,590
Balances at end of year	2,192,939	1,944,285	228,010	4,365,234
Accumulated depreciation:				
Balances at beginning of year	986,806	168,140	100,244	1,255,190
Depreciation (Note 15)	450,480	119,164	65,982	635,626
Balances at end of year	1,437,286	287,304	166,226	1,890,816
Net book values	₱755,653	₱1,656,981	₱61,784	₱2,474,418

9. Software Costs

The movements of this account follow:

	2024	2023
Cost:		
Balances at beginning of year	₱5,389,700	₱568,908
Additions	2,944,707	4,820,792
Balances at end of year	8,334,407	5,389,700

(Forward)



	2024	2023
Accumulated depreciation:		
Balances at beginning of year	₱815,453	₱338,788
Amortization (Note 15)	2,318,966	476,665
Balances at end of year	3,134,419	815,453
Net book value	₱5,199,988	₱4,574,247

10. Healthcare Plan Liabilities

This account consists of:

	2024	2023
Unearned membership fee reserves - net	₱32,662,740	₱42,890,381
Claims reserves:		
IBNR reserves including MfAD	12,649,336	7,971,509
Due and unpaid claims including claims handling expense	1,765,382	2,220,004
	₱47,077,458	₱53,081,894

Movements in the unearned membership fee reserves as of December 31 follow:

	2024	2023
Balance at beginning of year	₱42,890,381	₱26,251,549
Agreements during the year (Note 13)	159,929,658	154,002,666
Incurred (earned) during the year (Note 13)	(170,157,299)	(137,363,834)
Balance at end of year	₱32,662,740	₱42,890,381

The unearned membership fee reserves for the year 2024 and 2023 are net of prepaid and deferred commissions.

Movements in claims reserves as of December 31 follow:

	2024	2023
Balance at beginning of year	₱10,191,513	₱5,303,635
Provision for IBNR claims (Note 14)	4,677,827	3,404,089
Claims reported and processed during the year	69,710,002	58,432,956
Claims paid during the year	(70,164,624)	(56,949,167)
Balance at end of year	₱14,414,718	₱10,191,513

11. Accrued expense and other payables

This account consists of:

	2024	2023
Accrued expenses	₱10,091,346	₱7,550,613
Others	903,501	6,062,414
	₱10,994,847	₱13,613,027



Accrued expenses include accrual for rent and utilities, employee benefits and professional fees, among others. Accrued expenses are generally settled within a year.

Other payables consist mainly of accounts payable and statutory payables such as output VAT payable, Social Security System premiums, health insurance and other liabilities to the government.

12. Equity

Capital Stock

	Number of Common Shares	
	2024	2023
Authorized stock - ₱10 par value	10,000,000	10,000,000
Issued and outstanding	3,300,000	3,300,000

For the year 2024, the BOD did not authorize any issuance of capital stock.

On September 3, 2022, the BOD authorized the issuance of capital stock amounting to ₱20,000,000 representing 2,000,000 shares with a par value of ₱10 per share.

Retained Earnings

On July 15, 2024, the Company declared cash dividends amounting to ₱20,000,000, equivalent to ₱6.06 per share, out of its retained earnings and to all stockholders as of the same date.

On December 31, 2023, the Company declared cash dividends amounting to ₱15,000,000, equivalent to ₱4.55 per share, out of its retained earnings and to all stockholders as of the same date.

On December 31, 2022, the Company declared cash dividends amounting to ₱5,000,000, equivalent to ₱1.52 per share, out of its retained earnings and to all stockholders as of the same date.

Dividends payable amounted to ₱20,000,000 and nil as of December 31, 2024 and 2023, respectively.

13. Revenue

The movements in this account are as follows:

	2024	2023
Gross membership fees (Note 10)	₱159,929,658	₱154,002,666
Decrease (increase) in unearned membership fee reserves (Note 10)	10,227,641	(16,638,832)
Membership fees earned from medical plans (Note 10)	₱170,157,299	₱137,363,834



14. Direct Costs

This account consists of:

	2024	2023
Medical-related		
Cost of availments	₱78,577,113	₱63,428,859
Provision for IBNR claims (Note 10)	4,677,827	3,404,089
Commission expense	19,343,964	14,812,817
Professional and consultation fees	9,060,073	7,337,590
Employee-related expenses (Note 16)	5,588,292	4,622,291
Management fee	3,602,498	3,728,767
Rent, light and water	1,159,764	798,223
	₱122,009,531	₱98,132,636

15. General and Administrative Expenses

This account consists of:

	2024	2023
Morale and training	₱4,000,642	₱2,958,617
Depreciation and amortization (Notes 8 and 9)	3,274,090	1,112,291
Employee-related expenses (Note 16)	3,082,154	1,584,782
Taxes and licenses (Note 21)	1,325,306	593,220
Repairs and maintenance	973,473	564,287
Office supplies	715,277	555,837
Professional and consultation fees	503,457	222,631
Share in corporate expenses	398,858	713,378
Rent, light and water	315,917	304,774
Communication	260,799	245,886
Insurance	313,618	201,112
Transportation and travel	127,452	157,960
Entertainment, amusement and recreation	169,102	62,465
Administrative and management expenses	900,000	1,799
Others	485,188	380,773
	₱16,845,333	₱9,659,812

Other expenses include advertising expenses, donation expenses, miscellaneous expense, bank charges, and social responsibility expenses.

16. Employee-related Expenses

This account consists of:

	2024	2023
Salaries, wages and allowances	7,377,565	5,006,299
Employee benefits	946,195	841,698
Retirement benefits (Note 18)	346,686	359,076
	₱8,670,446	₱6,207,073



Employee-related expenses during 2024 and 2023 consist of direct costs (see Note 14) amounting to ₱5,588,292 and 4,622,291 respectively, and general and administrative expenses (see Note 15) amounting to ₱3,082,154 and 1,584,782, respectively.

17. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

The Company's related party transactions in the ordinary course of business are as follows:

- a. The Company arranges managed care, acts as a liaison with health care providers, provides medical services to employees of the following related parties:

	2024 Transactions During the Year	Outstanding Balance	2023 Transactions During the Period	Outstanding Balance	Terms	Conditions
Parent:						
Transnational Diversified Corporation (TDC)	₱137,500	₱350,211	₱115,800	₱348,341	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Stockholder of TDC:						
Joint Research and Development Corp. (JRDC 1)	321,750	32,450	373,918	43,624	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Joint Research and Development Corp. (JRDC 2)	563,242	88,468	—	—	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Entities under common control:						
Seidopro Global, Inc. (SPGI)	23,047,417	17,683,221	21,151,208	9,850,172	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Adventure Int'l Tours, Inc. (AITI)	3,806,150	729,613	3,263,358	133,384	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
NYK-Fil Ship Management, Inc. (NSMI)	2,687,850	—	2,518,000	454,575	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
NCT Transnational Corporation (NCT)	2,100,730	562,320	2,484,624	336,545	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Transnational Logistics Solutions, Inc. (TLSI)	2,476,575	1,622,225	2,405,450	339,900	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Ocean Network Express Pte Ltd. (ONEPL)	2,143,848	165,592	2,071,552	538,104	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Transnational Aviation Support Service, Inc. (TASSI)	2,120,250	903,925	1,718,100	477,895	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
NYK-Transnational Institute Foundation, Inc. (NTIF)	1,285,438	84,480	1,529,718	220,000	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Transnational E-Business Solutions, Inc. (TESI)	1,770,750	718,960	1,488,800	287,925	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Transcontainer (TCL) Philippines Inc.	1,367,968	122,815	1,236,600	120,505	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Transnational Medical and Diagnostic Center, Inc. (TMDC)	890,750	1,088,851	1,149,019	1,149,019	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Transnational Diversified Group, Inc. (TDGI)	1,699,038	1,125,934	1,056,600	647,244	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired

(Forward)



	2024 Transactions During the Year	Outstanding Balance	2023 Transactions During the Period	Outstanding Balance	Terms	Conditions
MarCoPay, Inc (MCPI)	₱1,039,850	₱92,523	₱947,200	₱114,552	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Transnational Logistics, Inc. (TLI)	838,500	343,585	892,300	282,480	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
NYK-Fil Maritime E-Training, Inc. (NETI)	920,400	628,705	756,161	576,400	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Clark Airport Support Services Corp. (CASSC)	850,700	255,255	708,600	146,740	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Universal Holidays, Inc. (UHI)	841,050	158,592	702,050	74,755	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
TDG Crew Management, Inc. (TCM)	762,700	386,651	644,400	—	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Easycall Communications Philippines, Inc. (ECPI)	425,100	295,405	634,386	79,035	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
E2R HR Solutions, Inc. (EHSI)	433,600	755,920	484,300	940,225	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Vroon-Fil Ship Management, Inc. (VFSI)	485,648	376,483	478,846	41,862	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Asiana Philippines GSA, Inc. (APGI)	477,050	54,688	394,300	41,083	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Transnational Uyeno Solar Two Corporation (TUSC2)	550,850	282,370	333,400	—	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
TDG Ship Management, Inc. (TSMI)	298,500	28,287	323,150	27,352	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Botika TDG Inc. (BTI)	—	294,397	291,516	291,516	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
MCP Insurance Management and Agency, Inc. (MIMA)	284,700	140,086	247,600	160,326	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
TDG Ventures, Inc. (TVI)	273,150	103,235	217,050	135,520	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Panlasa Ventures, Inc. (PVI)	300,900	24,420	209,000	61,930	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
MCP Finance Inc. (MFI)	160,100	18,914	202,300	93,154	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Vroon B Regional Headquarters	224,466	18,105	193,511	40,712	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
EVOxTerra Inc.	464,750	263,340	186,950	118,030	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Just Kitchen TDG Inc. (JKTDG)	499,400	233,695	183,800	81,840	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
NYKT Marine Co. LTD.	172,500	30,910	163,600	—	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Transnational Uyeno Solar Corporation (TUSC)	155,400	16,500	154,350	—	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Transnational Air Services Corporation (TASC)	172,550	44,536	149,350	—	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
Kamraz Agriculture, Inc. (KAI)	98,545	18,317	137,489	—	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired
TDG-Shibusawa Logistics, Inc. (TSLI)	162,600	14,960	119,850	47,905	30 days; noninterest-bearing; to be received in cash	Unsecured; unimpaired

(Forward)



	2024 Transactions During the Year ₱ 81,600	Outstanding Balance ₱17,985	2023 Transactions During the Period ₱100,700	Outstanding Balance ₱23,210	Terms	Conditions
Transnational e-Business Solutions, Inc. (TESI- EFSS)					30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
TDG Human Resource Management, Inc. (THRM)	112,800	14,300	97,750	22,935	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Argomall, Inc. (AI)	7,857	272,140	94,420	299,090	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
MCP Innovations, Inc. (MINNOV)	92,000	35,211	82,700	29,470	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
TDG SG-Global Care Academy Inc. (TSGA)	91,800	164,450	77,600	185,845	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
NYK-Transnational Land Corporation (NTLC)	193,200	77,220	60,480	9,900	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
NYK-Transnational Properties Corp. (NTPC)	₱56,400	₱10,340	₱58,464	₱11,000	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transnational Uyeno Safety Academy, Inc. (TUSA)	65,600	16,500	54,800	9,864	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Apex (Philippines) Equities corp. (APEX)	50,400	13,860	41,400	—	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
TDG Asia Corp. (TAC)	40,800	33,660	40,800	14,960	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Antonelli Realty Holdings, Inc (ARHI)	36,000	8,580	39,000	—	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Vision Air & Sea Services Inc. (VASSI)	55,950	17,327	38,400	17,148	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Transierra Ridge Corporation (TRC)	17,400	5,264	27,400	—	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
ePerformax Contact Centers Corp. (EPM)	19,200	7,025	19,200	7,025	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
TMU Solar Philippines, Inc. (TMU)	17,400	2,530	17,400	—	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
Tanji Land, Inc. (TANJI)	—	3,416	—	3,355	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
EVOxCharge, Inc. (ExCI)	80,200	79,856	—	—	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
EVOxVentures Inc.	17,800	19,936	—	—	30 days; noninterest-bearing; to be received in cash	Unsecured: unimpaired
		₱30,958,544		₱18,936,452		

Transactions during the year are presented under “Revenue” in the statements of comprehensive income. Outstanding balances are presented under “Trade and other receivables” account in the statements of financial position.



- b. The Company availed services from its related parties as part of its normal operations. Transactions during the year pertaining to these services. Outstanding balance is presented under “Healthcare Plan Liabilities” account in the statements of financial position.

Affiliate:	2024		2023		Terms	Condition
	Transactions During the Year	Outstanding Balance	Transactions During the Year	Outstanding Balance		
MIMA	₱21,180,471	₱896,281	₱20,245,563	₱655,103	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured
TESI	3,573,458	1,539,776	5,221,224	2,221,884	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured
NSMI	834,729	128,592	791,166	64,450	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured
TDGI	944,550	–	628,628	672,000	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured
EHSI	21,581	61,142	343,073	134,747	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured
TSMI	322,375	–	190,481	197,573	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured
ECPI	–	–	79,080	17,006	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured
MINNOV	–	–	–	6,113	Due and demandable; noninterest-bearing; to be settled in cash	Unsecured
		₱2,625,791		₱3,968,876		

- c. The Company participates in the Transnational Diversified Group of Companies Retirement Plan (the Group Plan) (see Note 18).
- d. The Company has no key management personnel since the financial and administrative activities, such as legal, internal audit, corporate planning and other corporate costs, are being handled by TMDC, a subsidiary of TDC.

18. Retirement Benefits

The Company participates in the Group Plan, a funded, noncontributory defined benefit retirement plan covering substantially all regular employees of the participating companies. Benefits are based on certain percentage of the final monthly basic salary for every year of credited service of the employees. The annual contribution to be paid by the participating companies to the Group Plan is based on the unfunded actuarial liability computed individually for each participating company. The funds are administered by the Retirement Committee appointed by the BOD of the participating companies. The Retirement Committee is responsible for the investing decisions of the Group Plan and defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants.

Under the existing regulatory framework, *Republic Act No. 7641*, otherwise known as *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however, that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.



Movements in retirement benefit obligation recognized in the statements of financial position are as follows:

2024													
						Remeasurement Gains (Losses) in Other Comprehensive Income							
						Return on Plan Assets (excluding Amount included in net interest)	From Changes in Financial Assumptions	Actuarial Changes Arising Change in Demographic Assumptions	Experience Adjustments	Subtotal	Contributions	December 31, 2024	
Retirement Benefit Expense in Profit or Loss													
	January 1, 2024	Past Service Cost	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid							
Present value of defined benefit obligation	₱3,972,232	₱–	₱156,635	₱234,458	₱391,093	₱–	₱–	(₱6,487)	(₱116,064)	₱–	(₱122,551)	₱–	₱4,240,774
Fair value of plan assets	(836,081)	–	–	(44,407)	(44,407)	–	(64,923)	–	–	–	(64,923)	(385,000)	(1,330,411)
Retirement benefit assets	₱3,136,151	₱–	₱156,635	₱190,051	₱346,686	₱–	(₱64,923)	(₱6,487)	(₱116,064)	₱–	(₱187,474)	(₱385,000)	₱2,910,363
2023													
						Remeasurement Gains (Losses) in Other Comprehensive Income							
						Return on Plan Assets (excluding Amount included in net interest)	From Changes in Financial Assumptions	Actuarial Changes Arising Change in Demographic Assumptions	Experience Adjustments	Subtotal	Contributions	December 31, 2023	
Retirement Benefit Expense in Profit or Loss													
	January 1, 2023	Past Service Cost	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid							
Present value of defined benefit obligation	₱3,529,997	₱–	₱141,787	₱239,331	₱381,118	₱–	₱–	₱206,243	(₱145,126)	₱–	₱61,117	₱–	₱3,972,232
Fair value of plan assets	(408,039)	–	–	(22,042)	(22,042)	–	14,000	–	–	–	14,000	(420,000)	(836,081)
Retirement benefit assets	₱3,121,958	₱–	₱141,787	₱217,289	₱359,076	₱–	₱14,000	₱206,243	(₱145,126)	₱–	₱75,117	(₱420,000)	₱3,136,151

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.



The major categories of the Group Plan's assets as a percentage of the fair value of the total plan assets are as follows:

	2024	2023
Cash and cash equivalents	57%	60%
Equity securities	19%	15%
Others	24%	25%

The Group Plan's assets and investments consist of the following:

- Cash and cash equivalents, which include regular savings and time deposits;
- Equity securities, which include listed shares of stocks; and
- Other investments which include investments in funds.

The principal actuarial assumptions used to determine the present value of defined benefit obligation are as follows:

	2024	2023
Discount rate	6.09%	6.06%
Future wage and salary rate increases	3.00%	3.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of defined benefit obligation, assuming all other assumptions were held constant:

	Basis Points	Increase (Decrease)	
		2024	2023
Discount rate	+100	(P4,017,675)	(P3,744,170)
	-100	4,486,320	4,223,042
Future wage and salary rate increases	+100	P4,507,897	P4,243,929
	-100	(3,994,296)	(3,721,450)

The Retirement Committee reviews the performance of the Group Plan on a regular basis. It assesses whether the Group Plan will achieve investment returns which, together with contributions, will be sufficient to pay retirement benefits as they fall due. The Retirement Committee also reviews the solvency position of the different participating companies on an annual basis and estimates, through the actuary, the expected contribution to the Group Plan in the subsequent year.

The average duration of the defined benefit obligation is 8.14 years and 8.07 years as of December 31, 2024 and 2023, respectively.

The maturity analysis of the undiscounted benefit payments as of December 31, 2024 and 2023 are as follows:

	2024	2023
Less than 1 year	P232,214	P206,574
More than 1 year but less than 5 years	1,086,320	1,063,047
More than 5 years but less than 10 years	4,783,752	4,888,785
More than 10 years but less than 15 years	255,479	223,225
More than 15 years but less than 20 years	1,163,009	347,597
More than 20 years	3,952,619	3,443,015
	P11,473,393	P10,172,243



19. Income Taxes

The provision for income tax consists of:

	2024	2023
Current		
RCIT	₱8,563,547	₱7,610,470
Final	11,715	131,545
Deferred	(514,448)	(320,740)
	₱8,060,814	₱7,421,275

The reconciliation of income tax expense computed at statutory income tax rates to provision for income tax is as follows:

	2024	2023
Income tax at statutory tax rate of 25%	₱7,837,324	₱7,524,391
Additions to (reductions from) income tax resulting from:		
Non-deductible expenses	235,205	28,429
Interest income subjected to final tax	(11,715)	(131,545)
	₱8,060,814	₱7,421,275

The components of the Company's net deferred income tax assets are as follows:

	2024	2023
<i>Recognized in profit or loss:</i>		
Deferred income tax assets on:		
Provision and accruals	₱792,680	₱300,200
Unamortized past service costs	95,348	73,379
	888,028	373,579
Deferred income tax liabilities on:		
Retirement benefit obligation	(69,234)	(69,234)
	(69,234)	(69,234)
<i>Recognized in other comprehensive income:</i>		
Deferred income tax asset on accumulated remeasurement losses on defined benefit plan	806,402	853,272
	₱1,625,196	₱1,157,617

20. Financial Instruments and Capital Risk Management

Governance Framework

The primary objective of the Company's risk and financial management framework is to identify and address the risk facing the business thereby increasing the likelihood of successfully achieving the Company's business objectives.



Healthcare Risk

The risk underlying healthcare agreements is the risk that the medical claim will occur, including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such agreements is that the actual claims and benefit payments exceed the carrying amount of healthcare liabilities. This is influenced by the frequency of claims, severity of claims and actual benefits paid which may be greater than the original estimate. Subsequent development of long-term claims also influences such risks.

The variability of risks is improved by diversification of risk of loss through a large portfolio of healthcare agreements; a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio, as well as unexpected outcomes.

Financial Risk Management Objectives and Policies

The Company's financial instruments comprise of cash and cash equivalents, trade and other receivables, healthcare plan liabilities and dividends payable.

The BOD has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The Company's financial risk management policies are established to identify and manage the Company's exposure to financial risks, to set appropriate transaction limits and controls and to monitor and assess risks and compliance to internal control policies. Financial risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to credit risk and liquidity risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents and trade and other receivables. The Company trades only with recognized, creditworthy counterparties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposure to credit risk of the Company is limited to the carrying value of its financial assets as shown in the statement of financial position.

Management of credit risk

The Company evaluated its cash in banks and cash equivalents as high quality financial assets as these are deposited with reputable banks duly approved by the BOD.

The carrying value of cash and cash equivalents and trade and other receivables are neither past due nor impaired as of December 31, 2024 and 2023 and are considered by management as high grade.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Company's credit standing.



The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

Based on the Company's assessment, the carrying amount of cash and cash equivalents and trade and other receivables as of December 31, 2024 and 2023 are readily available for liquidity purposes. The Company's due and unpaid claims, healthcare plan liabilities and dividends payable are either due and demandable or payable within a year as of December 31, 2024 and 2023.

Financial Capacity Requirements

On November 12, 2015, under Executive Order 192, series of 2015, the President of the Republic of the Philippines, signed the transfer of regulation and supervision of all Health Maintenance Organizations (HMOs) from the Department of Health to the Insurance Commission (IC).

On August 13, 2016, IC Circular Letter 2016-41 Minimum Capitalization and Financial Capacity Requirements for HMOs issued by the IC took effect requiring compliance with the following:

a) Paid-up capital

All existing HMOs must have a minimum paid-up capital of ₱10.0 million and new HMOs shall have paid-up capital of at least ₱100.0 million. As of December 31, 2024 and 2023, the Company has complied with the said requirement.

b) Deposit requirements

HMOs shall deposit with the Commission or at discretion of the Commissioner, trustee bank acceptable to the Commissioner through which a custodial account is utilized, cash, treasury bills, treasury bonds, or any combination of these that are acceptable to the Commissioner which at all times shall have a value of not less than twenty percent (20%) of the HMO's actual paid-up capital as prescribed by the Circular. On December 27, 2019, the IC issued Circular Letter 2019-74 Guidelines on Security Deposit Requirements which requires that effective January 1, 2020 the security deposits shall at all times be not less than twenty five percent (25%) of the HMO's actual paid-up capital. It further requires that the security deposit shall be invested only in bonds or other instruments of debt of the Government of the Philippines or its political subdivisions or instrumentalities, or of government-owned-or-controlled corporations and entities, including the Bangko Sentral ng Pilipinas (BSP).

The investment shall at all times be maintained free from any lien or encumbrance.

The deposit shall be considered an asset of the HMOs in the determination of its unimpaired paid-up capital and or net worth.

c) Risk-based capitalization

The HMO's maximum risk on membership fees shall be determined by the paid-up capital. The Company's paid-up capital as of December 31, 2024 and 2023 is above the requirement relative to the Company's actual gross membership fees earned.

d) Net worth requirement

All HMOs shall have a net worth which is not less than its paid-up capital. As of December 31, 2024 and 2023, Company complied with the above requirements.



e) Liquidity requirement

Acid test ratio shall be defined as current assets over current liabilities. As of December 31, 2024 and 2023, the Company's acid test ratios are 1.63 and 1.75, respectively.

On October 25, 2023, the IC issued Circular 2023-24 which requires HMO to maintain an acid test ratio of at least 0.75 subject to submission of claims payable schedule and claims settlement plan.

On October 10, 2024, the IC issued Circular 2024-18, which amends the acid test ratio requirement to at least 0.90, provided that the Company submits a claims payable schedule and a claims settlement plan.

f) Revaluation of assets

The IC accepts only appraisals from an acceptable independent appraiser recognized by the Securities and Exchange Commission (SEC).

For the purpose of determining the net worth requirement, appraisal increment on property, plant and equipment is not allowed, unless with prior written approval by the Commission. The Company has no assets under revaluation model as of December 31, 2024 and 2023.

g) Declaration of dividends

No domestic HMO corporation shall declare or distribute any dividend on its outstanding stocks unless it has met the minimum paid-up capital and net worth requirements under Circular 2016-41 and except from its profits attested in sworn statements to the Commissioner by the President and Treasurer of the corporation to be remaining on hand after retaining unimpaired: (1) the entire paid-up capital stock; and (2) net worth and liquidity requirements defined by the same circular.

As of December 31, 2024 and 2023, the Company has complied with the above requirements.

Capital Risk Management

The primary objective of the Company's capital risk management is to ensure that the Company maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company considers total equity presented in the statements of financial position as its core capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for managing capital in 2024 and 2023.

The Company is not subject to externally-imposed capital requirements.

21. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued for the year ended December 31, 2024:

- a. The Company is a VAT-registered company with VAT output tax declaration of ₱14,962,206 for the year ended December 31, 2024 based on the amount of ₱170,157,299 presented under "Revenue" account in the 2024 statements of comprehensive income which are subject to VAT of 12%.



- b. The amounts of sales of service reported are based on actual cash receipts, hence, may not be the same amount presented under “Revenue” account in the 2024 statements of comprehensive income.

c. Input VAT

Current year domestic purchases/payments:

Services	₱3,824
Goods other than capital goods	4,419,565
Cumulative Balance of Input VAT	4,423,389
Application to output VAT	569,482
Ending Balance	₱3,853,907

- d. Other taxes and licenses presented under “General and administrative expenses” account in the 2024 statements of comprehensive income are as follows:

Local:

Municipal license	₱311,845
Deficiency tax	1,000,181
Annual BIR Registration	2,640
Others	10,640
	₱1,325,306

- e. The amount of withholding taxes paid/accrued for the year amounted to:

Expanded withholding taxes	₱5,706,121
Withholding taxes on compensation and benefits	486,274
	₱6,192,395

f. Tax assessments and cases

The Company did not receive any notice of final assessment as of December 31, 2024. Also, the Company has no tax cases, under preliminary investigation, litigation and/or prosecution, in courts or bodies outside of Bureau of Internal Revenue (BIR) as of December 31, 2024.

