

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR ANNUAL INCOME TAX RETURN**

The management of **EASTWEST HEALTHCARE, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax and/ or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the years ended December 31, 2024 and 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **EASTWEST HEALTHCARE, INC.**, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and
- (c) **EASTWEST HEALTHCARE, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.



**ORBIVITANO R. DIAZ**  
President



**IRISH TOM TOLENTINO**  
CFO

Signed this 27<sup>TH</sup> day of June, 2025.



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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **EASTWEST HEALTHCARE, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

**Alas, Oplas & Co., CPAs**, the independent auditors, appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



**ORBIVITANO R. DIAZ**  
President



**IRISH TOM TOLENTINO**  
CFO

Signed this 27<sup>th</sup> day of June, 2025.



# Alas Oplas & Co., CPAs

## Alas Oplas & Co., CPAs

7/F Philippine AXA Life Centre  
1286 Sen. Gil Puyat Avenue  
Makati City, Philippines 1200  
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Independent Member of

**BKR** International

### INDEPENDENT AUDITORS' REPORT TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

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The Board of Directors and Stockholders  
**EASTWEST HEALTHCARE, INC.**  
(Formerly Eastwest Business Solutions, Inc.)  
6th Floor Makati Executive Center,  
114 Leviste St. Salcedo Village, Makati City

We have examined the financial statements of **EASTWEST HEALTHCARE, INC.** (Formerly Eastwest Business Solutions, Inc.) as of December 31, 2024, and for the year then ended on which we have rendered the attached report dated June 27, 2025.

In compliance with Revenue Regulation V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

#### **ALAS, OPLAS & CO., CPAs**

BOA Registration No. 0190, valid from February 19, 2025, to February 18, 2028  
BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027  
IC A.N. (Firm) 0190-IC, Group A, issued on November 2, 2021, valid for 2021 to 2025 audit period  
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period  
TIN 002-013-406-000

By:



**RYAN A. SABUG**

Partner

CPA License No. 0111183

BOA Registration No. 0190/P-004, valid from February 19, 2025, to February 18, 2028

BIR A.N. 08-001026-004-2023, issued on February 9, 2023; effective until February 8, 2026

IC A.N. (Individual) 111183-IC, Group A, issued on November 2, 2021; valid for 2021 to 2025 audit period

SEC A.N. (Individual) 111183-SEC, Group A, issued on February 4, 2021; valid for 2020 to 2024 audit period

TIN 232-158-286-000

PTR No. 10466283, issued on January 2, 2025, Makati City

June 27, 2025  
Makati City, Philippines

# Alas Oplas & Co., CPAs

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
**EASTWEST HEALTHCARE, INC.**  
(Formerly Eastwest Business Solutions, Inc.)  
6th Floor Makati Executive Center,  
114 Leviste St. Salcedo Village, Makati City

Independent Member of

**B K R International**

### Opinion

We have audited the financial statements of **EASTWEST HEALTHCARE, INC.** (Formerly Eastwest Business Solutions, Inc.) (the "Company"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 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 (PFRS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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.

# Alas Oplas & Co., CPAs

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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- 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 audits.

## Report on the Supplementary Information Required Under Revenue Regulations No. 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 Regulations No. 15-2010 on taxes, duties and license fees paid or accrued during the taxable year are 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 **EASTWEST HEALTHCARE, INC.** (Formerly Eastwest Business Solutions, Inc.) The information has been subjected to the auditing procedures applied in our audits 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.

## ALAS, OPLAS & CO., CPAs

BOA Registration No. 0190, valid from February 19, 2025, to February 18, 2028

BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027

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SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period

TIN 002-013-406-000

By:



RYAN A. SXBUG

Partner

CPA License No. 0111183

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TIN 232-158-286-000

PTR No. 10466283, issued on January 2, 2025, Makati City

June 27, 2025

Makati City, Philippines

**EASTWEST HEALTHCARE, INC.**  
*(Formerly Eastwest Business Solutions, Inc.)*  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2024 AND 2023**  
**In Philippine Peso**

	Notes	2024	2023 (As restated – Note 28)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	213,039,080	344,229,766
Trade and other receivables – net	11	192,358,015	171,042,222
Prepaid income tax		26,795,294	12,730,170
Prepayments and other current assets	12	4,539,845	6,793,715
<b>Total Current Assets</b>		<b>436,732,234</b>	<b>534,795,873</b>
<b>Non-current Assets</b>			
Deposit for asset purchase	9	–	16,500,000
Property and equipment – net	13	45,623,274	22,161,728
Right-of-use assets – net	26	1,234,789	5,283,596
Deferred tax assets – net	25	61,997,744	77,151,082
Other non-current assets	14	16,856,912	25,021,910
<b>Total Non-current Assets</b>		<b>125,712,719</b>	<b>146,118,316</b>
<b>TOTAL ASSETS</b>		<b>562,444,953</b>	<b>680,914,189</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Claims payable and other current liabilities	15	145,852,263	288,548,569
Unearned fees reserve	16	277,245,404	271,209,834
Loan payable – current portion	17	826,822	–
Lease liabilities – current portion	26	583,748	2,735,384
<b>Total Current Liabilities</b>		<b>424,508,237</b>	<b>562,493,787</b>
<b>Non-current Liabilities</b>			
Advances from related parties	9	–	3,042,985
Retirement benefit obligation	18	2,732,125	19,271,735
Loan payable – non-current portion	17	8,953,030	–
Lease liabilities – non-current portion	26	780,574	3,378,162
<b>Total Non-current Liabilities</b>		<b>12,465,729</b>	<b>25,692,882</b>
<b>TOTAL LIABILITIES</b>		<b>436,973,966</b>	<b>588,186,669</b>
<b>Equity</b>			
Share capital	19	75,001,000	50,000,000
Additional paid-in capital	19	–	25,001,000
Retained earnings			
Unappropriated		8,932,803	(25,430,419)
Appropriated	19	8,500,000	25,000,000
Other comprehensive income, net of deferred income tax	18	33,037,184	18,156,939
<b>Total Equity</b>		<b>125,470,987</b>	<b>92,727,520</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>562,444,953</b>	<b>680,914,189</b>

See Notes to Financial Statements.

**EASTWEST HEALTHCARE, INC.**  
**(Formerly Eastwest Business Solutions, Inc.)**  
**STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**In Philippine Peso**

	Notes	2024	2023 (As restated – Note 28)
Revenues	20	<b>930,715,712</b>	796,599,035
Healthcare benefits and claims	21	<b>(803,565,068)</b>	(846,861,002)
Gross profit (loss)		<b>127,150,644</b>	(50,261,967)
Administrative expenses	22	<b>(164,308,781)</b>	(169,582,756)
Other income – net	24	<b>68,074,724</b>	77,295,528
Profit (loss) before income tax		<b>30,916,587</b>	(142,549,195)
Income tax benefit (expense)	25	<b>(13,053,365)</b>	38,301,198
Net profit (loss)		<b>17,863,222</b>	(104,247,997)
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified subsequently to profit and loss:			
Actuarial gain on retirement benefit obligation, net of tax	18	<b>14,880,245</b>	528,478
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>32,743,467</b>	(103,719,519)

*See Notes to Financial Statements.*

**EASTWEST HEALTHCARE, INC.**  
**(Formerly Eastwest Business Solutions, Inc.)**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**In Philippine Peso**

	Share Capital (Note 19)	Additional Paid-In Capital (Note 19)	Retained Earnings		Other Comprehensive Income	Total
			Unappropriated	Appropriated (Note 19)		
Balances at December 31, 2022	50,000,000	25,001,000	78,817,578	25,000,000	17,628,461	196,447,039
Net loss for the year, as previously reported	–	–	(17,939,105)	–	–	(17,939,105)
Restatement adjustment (Note 28)	–	–	(86,308,892)	–	–	(86,308,892)
Other comprehensive income	–	–	–	–	528,478	528,478
Balances at December 31, 2023, as restated	50,000,000	25,001,000	(25,430,419)	25,000,000	18,156,939	92,727,520
Reclassification	25,001,000	(25,001,000)	–	–	–	–
Reversal of appropriation	–	–	16,500,000	(16,500,000)	–	–
Net profit for the year	–	–	17,863,222	–	–	17,863,222
Other comprehensive income	–	–	–	–	14,880,245	14,880,245
<b>Balances at December 31, 2024</b>	<b>75,001,000</b>	<b>–</b>	<b>8,932,803</b>	<b>8,500,000</b>	<b>33,037,184</b>	<b>125,470,987</b>

*See Notes to Financial Statements.*

**EASTWEST HEALTHCARE, INC.**  
**(Formerly Eastwest Business Solutions, Inc.)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**In Philippine Peso**

	Notes	2024	2023 (As restated – Note 28)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (loss) before income tax		<b>30,916,587</b>	(142,549,195)
Adjustments for:			
Gain from liabilities written off	24	<b>(62,872,735)</b>	(62,423,419)
Provision for (Reversal of) expected credit losses (ECL)	22,24	<b>(13,014,801)</b>	17,450,022
Loss on asset disposal and write-off	24	<b>12,116,772</b>	899,787
Depreciation	22	<b>9,894,473</b>	11,058,571
Interest income	24	<b>(6,400,865)</b>	(16,608,934)
Interest expense	24	<b>3,924,511</b>	1,240,742
Retirement benefit expense	23	<b>3,300,717</b>	3,078,685
Unrealized foreign exchange gain	24	<b>(69,357)</b>	(227,957)
Operating cash flows before working capital changes		<b>(22,204,698)</b>	(188,081,698)
Increase in operating assets:			
Trade and other receivables		<b>(9,405,761)</b>	(24,278,666)
Prepayments and other current assets		<b>(15,111,254)</b>	(10,611,681)
Decrease in operating liabilities:			
Claims payable and other current liabilities		<b>(76,830,986)</b>	89,175,852
Net cash used in operations		<b>(123,552,699)</b>	(133,796,193)
Interest received	24	<b>6,400,865</b>	16,608,934
Interest expense paid		<b>(2,599,812)</b>	(789,223)
Income tax paid	25	<b>(2,860,109)</b>	(645,654)
Payment for security deposits		<b>(207,005)</b>	(109,990)
Net cash used in operating activities		<b>(122,818,760)</b>	(118,732,126)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment		<b>(6,112,072)</b>	(5,367,737)
Proceeds from matured IC deposit account	14	<b>660,000</b>	–
Payment for Insurance Commission (IC) deposit account	14	<b>–</b>	(660,000)
Net cash used in investing activities		<b>(5,452,072)</b>	(6,027,737)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liability	26	<b>(1,444,364)</b>	(2,630,829)
Payment of interest expense	17,26	<b>(1,324,699)</b>	(451,519)
Payment of loan	17	<b>(220,148)</b>	–
Net cash used in financing activities		<b>(2,989,211)</b>	(3,082,348)
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH</b>			
	10	<b>69,357</b>	227,957
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(131,190,686)</b>	(127,614,254)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>344,229,766</b>	471,844,020
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	10	<b>213,039,080</b>	344,229,766

See Notes to Financial Statements.

## 1. CORPORATE INFORMATION

### 1.01 Company Profile

**Eastwest Healthcare, Inc.** ("the Company") was incorporated in the Philippines with the Securities and Exchange Commission (SEC) on August 22, 2006 as Eastwest Business Solutions, Inc. On October 1, 2008, the Company changed its corporate name to Eastwest Healthcare, Inc. which was approved by the SEC on December 12, 2008.

The Company was organized to primarily engage to maintain conduct and operate a prepaid group practice health care delivery system or a health maintenance organization to take care of the sick, diseased, and disabled persons who are enrolled in the health care plan and to provide for the administrative and financial responsibilities of the organization. It also manages outsourced business in the areas of company employee benefit administration.

On November 12, 2015, Executive Order No. 192 was approved and signed by the President of the Philippines, transferring the regulation and supervision over health maintenance organizations from the Department of Health to IC. On December 22, 2020, IC issued Certificate of Registration No. HMO-2020-18-R, hereby licensing the Company to operate and act as a Health Maintenance Organization (HMO). The certificate is valid until December 31, 2022. The Company renewed its license which is valid from January 1, 2023 to December 31, 2025 with Certificate of Registration No. HMO-2023-14-R.

The Company's principal office is located at the 6th Floor, Makati Executive Center, 114 Leviste St., Salcedo Village, Makati City.

### 1.02 Approval of Financial Statements

These financial statements were approved and authorized for issue by the Board of Directors (BOD) on June 27, 2025.

## 2. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

### 2.01 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board (IASB) and approved by the Philippine Board of Accountancy.

PFRS Accounting Standards include all applicable PFRSs, Philippine Accounting Standards (PASs), and Interpretations issued by the Philippine Interpretations Committee IFRIC as approved by the FSRSC and adopted by the SEC.

### 2.02 Basis of Preparation

The financial statements are prepared on a going concern basis under the historical cost convention, except where PFRS Accounting Standards requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

### 2.03 Presentation and Functional Currency

The accompanying financial statements are stated in Philippine Peso and amounts are rounded to the nearest peso, unless otherwise stated. The Company's functional and presentation currency is the Philippine Peso as it reflects the primary economic environment in which the Company operates.

#### **2.04 Current versus Noncurrent Classification**

The Company presents assets and liabilities in the statements of financial position based on whether it is current and noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as noncurrent.

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

#### **2.05 Use of Judgments and Estimates**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Company's significant accounting policies and estimates and the application of these policies and estimates. The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Changes in accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **2.06 Going Concern Assumption**

The Company is not aware of any significant uncertainties that may cast doubts upon the Company's ability to continue as a going concern.

#### **2.07 Fair Value Measurement**

The Company measures some of its financial instruments at fair value at each balance sheet date.

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

The Company's management determines the policies and procedures for recurring fair value measurement, such as unquoted financial assets.

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, as explained above.

### **3. ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS**

#### **3.01 New and Amended Standards and Interpretations Effective on January 1, 2024**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024, unless otherwise stated.

- Classification of Liabilities as Current or Non-current (Amendments to PAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16)
- Supplier Finance Arrangements (Amendments to PAS 7 and PFRS 7)
- Non-current Liabilities with Covenants (Amendments to PAS 1)

These amendments had no impact on the Company's financial statements.

### **3.02 Standards Issued but Not Yet Effective (Effective Beginning on or After January 1, 2025)**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### 3.02.01 PFRS 17 Insurance Contracts

PFRS 17 'Insurance Contracts' is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. PFRS 17 replaces PFRS 4 'Insurance Contracts'. PFRS 17 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 a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. PFRS 17 is based on a 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 March 17, 2025, the IC issued Circular Letter (CL) No. 2025-05, further deferring the implementation of PFRS 17 for HMOs. Under this circular, all HMOs are required to adopt PFRS 17 starting January 1, 2027. However, HMOs are permitted to early adopt the standard and implement it in their Audited Financial Statements (AFS) beginning January 1, 2025.

The Company is currently assessing the potential impact of the impending adoption of PFRS 17 and intends to adopt the new standard on its mandatory effective date. In line with this, the Company has engaged in initial discussions with its actuary to explore potential solutions for the implementation of PFRS 17. The actuary has presented high-level implementation options, and the Company is currently awaiting the submission of a formal proposal, including the detailed costing and implementation plan.

#### 3.02.02 Lack of Exchangeability (Amendments to PAS 21)

In August 2023, the IASB amended PAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not.

The amendment is effective for reporting periods beginning on or after January 1, 2025. The Company does not expect these amendments to have a material impact on its operations or financial statements.

#### 3.02.03 Annual Improvements to PFRS Accounting Standards – Volume 11

In July 2024, the IASB published 'Annual Improvements to PFRS Accounting Standards – Volume 11'. A summary of improvements is set out below:

- PFRS 1 'First-time Adoption of PFRS Financial Reporting Standards' – Hedge accounting by a first-time adopter
- PFRS 7 'Financial Instruments: Disclosures' – Gain or loss on derecognition
- PFRS 7 'Financial Instruments: Disclosures' Implementation Guidance – Disclosure of differences between the fair value and the transaction price and disclosures on credit risk
- PFRS 9 'Financial Instruments' – Transaction price and lessee derecognition of lease liabilities
- PFRS 10 'Consolidated Financial Statements' – Determination of a 'de facto agent'

- PAS 7 'Statements of Cash Flows' – Cost method

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Early application is permitted but will need to be disclosed. The Company does not expect these amendments to have a material impact on its operations or financial statements.

3.02.04 Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and 7)

On May 30, 2024, the IASB issued targeted amendments to PFRS 9 and PFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted but will need to be disclosed. The Company does not expect these amendments to have a material impact on its operations or financial statements.

3.02.05 PFRS 18 'Presentation and Disclosure in Financial Statements'

PFRS 18 will replace PAS 1, Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statements of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Company's financial statements.

The Company will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

3.02.06 PFRS 19 'Subsidiaries without Public Accountability: Disclosures'

Issued in May 2024, PFRS 19 allows for certain eligible subsidiaries of parent entities that report under PFRS Accounting Standards to apply reduced disclosure requirements.

PFRS 19 will become effective for reporting periods beginning on or after January 1, 2027, with early application permitted. The Company does not expect the standard to have a material impact on its operations or financial statements.

### 3.03 Deferred Effectivity

#### 3.03.01 Amendments to PFRS 10 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

## 4. MATERIAL ACCOUNTING POLICIES

Material accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

### 4.01 Financial Instruments

#### 4.01.01 Financial Assets

##### *a. Initial recognition and measurement*

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

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. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15 and PFRS 4.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

##### *b. Subsequent measurement*

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company does not have any financial assets at fair value through OCI with recycling of cumulative gains and losses, financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition and financial assets at fair value through profit or loss.

c. *Financial assets at amortized cost (debt instruments)*

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

The Company's basic financial assets as presented in the statements of financial position comprise of cash and cash equivalents, trade and other receivables (excluding advances to others) and security deposits.

- *Cash and cash equivalents*

Cash refers to cash on hand and cash in banks which are subject to insignificant risk of change in value, thus, cash is recognized at face amount. Cash in banks include demand deposits which are unrestricted as to withdrawal.

The Company recognizes cash as current assets when the cash is not restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Cash equivalents pertain to short-term investments which include time deposit with maturity period of one to three months from the date of acquisition. It is highly liquid, readily convertible to known amounts of cash and which is subject to insignificant risk of changes in value.

- *Trade and other receivables (excluding advances to others)*

Trade receivables are amounts due from customers for services performed in the ordinary course of business.

Due from officers and employees are amounts owed by employees and officers through advances collectible through salary deduction.

Other receivables consist of payment of the real property tax of the office, which the Company decided to pay on behalf of all the tenants residing on the same floor and the remaining are receivables from government agencies.

- *Security deposits*

Security deposits includes amounts paid to lessors as compliance with rent agreements and other service providers which are refundable in cash, subject to certain conditions, upon termination agreements/contract. These are classified as current assets if collection is expected within 1 year after the reporting period, otherwise, classified as non-current assets.

Deposits are measured at the amount of cash paid, less provision for impairment.

- *IC deposit accounts*

IC deposit accounts pertain to debt instruments held by the Company in compliance with the requirement of IC. These are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

IC deposit accounts are presented as noncurrent assets in the statements of financial position due to its nature being a requirement to be held by the Company during its operations under HMO industry, hence not expected to be utilized within 1 year after the reporting period.

Gains and losses are recognized in profit or loss when the IC deposit accounts are derecognized or impaired.

d. *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statements 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.

e. *Impairment of financial assets*

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

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

For trade receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

#### 4.01.02 Financial Liabilities

##### *a. Initial recognition and measurement*

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

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

The Company's financial liabilities include accounts and other payables, lease liabilities, advances from related parties and loan payable.

- *Accounts and other payables*  
Accounts payable are financial liabilities arising from the Company's operations. Accounts payable are classified as current liabilities, thus recognized and measured at the undiscounted amount owed.
- *Lease liabilities*  
Lease liabilities are initially recognized at fair value. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.
- *Advances from related parties*  
Advances from related parties are noninterest-bearing advances to and reimbursement of expenses for stockholders and entities under common ownership which are expected to be settled in cash when the Company is able to pay.
- *Loan payable*  
Loan payable refers to the loan obtained from a local bank to finance the Company's acquisition of a commercial condominium unit, which also serves as collateral for the loan.

b. *Subsequent measurement*

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

- *Financial liabilities at amortized cost (loans)*

After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

This category generally applies to interest-bearing loans.

c. *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 statements of comprehensive income (loss).

4.01.03 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements 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 simultaneously.

**4.02 Prepaid income tax**

Prepaid income tax pertains to excess income tax payments that can be claimed as credit against the Company's future income tax liabilities.

**4.03 Prepayments and Other Current Assets**

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

Prepayments are classified as current asset when the cost of goods or services related to the prepayment is expected to be incurred within one (1) year after the reporting period, otherwise, classified as non-current.

**4.04 Property and Equipment**

Property and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Office furniture and equipment	–	3 - 5 years
Transportation equipment	–	3 - 5 years
Information Technology (IT) equipment	–	3 - 5 years

Leasehold improvements are depreciated over the improvements' useful life of 5 years or when shorter, the term of the relevant lease.

Construction in progress is stated at cost. This includes cost of construction, property and equipment and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and becomes available for use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting period.

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statements of comprehensive income (loss).

Fully depreciated assets are retained as property and equipment until these are no longer in use.

#### **4.05 Impairment of Non-financial Assets**

Property and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that testing is required for an asset, and where the carrying values exceed the estimated recoverable amount. If any such indication exists, the assets or cash generating units are written down to their recoverable amount. The recoverable amount is the greater of fair value less cost to sell or 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 group of assets.

In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses, if any, are recognized in profit or loss.

An assessment is made at each end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of comprehensive income (loss) unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **4.06 Claims Reserves**

Claims reserves pertain to claims incurred but not yet paid as of the end of the reporting period. It includes claims due and unpaid (D & U), claims in course of settlement (ICOS), claims incurred but not reported (IBNR) and those which are incurred but not reported at a designated level of confidence, as well as direct and indirect expenses related to settling all outstanding claims, whether reported and unreported, as of the end of reporting period.

The determination of these reserves involves the use of actuarial methods and assumptions. Accordingly, an independent actuary engaged by the Company performs an actuarial valuation of these non-cash provisions. In accordance with the requirements of the IC, the independent actuary is required to submit an annual report on the valuation of such reserves.

##### 4.06.01 D & U Claims

D & U claims pertain to liabilities for claims that have been reported, adjudicated and processed, but for which final payment has not been recorded as of end of reporting period.

##### 4.06.02 ICOS

ICOS refers to the liabilities for claim already known and identified but not yet adjudicated, settled, and paid by the Company as of end of reporting period.

##### 4.06.03 IBNR

IBNR pertain to the amount provided for claims in respect of claim events that occurred but not have been reported to the Company as of end of reporting period.

##### 4.06.04 Claims handling expense reserve

Claims handling expense reserve pertain to the estimated amount of expenses for settling all claims whether reported or unreported, outstanding as of the end of the reporting period.

##### 4.06.05 Insurance premium reserve

Insurance premium reserve represents the Margin for Adverse Deviation (MfAD), which serves as an allowance for inherent uncertainty in estimating policy reserves. It provides a buffer against potential adverse deviations in actuarial assumptions and future experience.

#### **4.07 Managed Care, Administrative Services Only (ASO) Fund Liabilities and Reserves**

ASO fund liabilities and reserves pertain to all liabilities for fund-based benefits where the risks are borne by the client. These are funds covered by the memorandum of agreements (MOAs) where the Company commits to process claims, pay hospitalization charges of enrolled accounts under the agreements. Utilization of the fund is then billed back to the client with corresponding administrative fees. Provision on ASO fund liabilities and reserves are recognized based on actuarial valuation to cover unfinished contract period of the client's policy.

Provision on ASO fund liabilities and reserves is recognized based on actuarial valuation performed by an independent actuary engaged by the Company. In accordance with the requirements of the IC, the independent actuary is also responsible for submitting an annual report on the valuation of these non-cash provisions.

Managed care liability is covered by a MOA between the Company and its clients. The Company bills its clients according to the benefits schedule in the MOA. It includes provisions for utilization and administration, along with any additional riders. If the client exceeds the utilization stated in the benefits schedule, adjustments are made.

#### **4.08 Unearned fees reserve**

Unearned fees reserve pertains to the portion of written premium deferred and presented as current liability in the statements of financial position. The change in the provision of unearned fees reserve is taken in the profit or loss in the order that the revenue is recognized over the period of policy. Unearned fees include unearned membership fee reserves (UMFR) and unearned administrative fee reserves (UAFR).

The determination of these reserves also involves the use of actuarial methods and assumptions. Accordingly, an independent actuary, engaged by the Company, performs an actuarial valuation of these non-cash provisions.

##### 4.08.01 UMFR

UMFR pertain to all future claim payments and related expenses for the policy maintenance and claim settlement, arising from future events for which the Company is liable under its HMO Agreements.

##### 4.08.02 UAFR

UAFR pertain to the amount of reserve for that portion of the administrative fee, net of taxes and commissions paid due to the Company which is applicable to the end of coverage extending beyond the end of reporting period.

#### **4.09 Equity**

##### 4.09.01 Share Capital

Share capital is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital (APIC). Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

##### 4.09.02 Retained Earnings

Retained earnings consist of appropriated and unappropriated retained earnings. Appropriated retained earnings are restricted for specific purposes that are approved by the BOD. Unappropriated retained earnings are not restricted and includes the cumulative balance of periodic net income or losses, dividend distributions, effects of changes in accounting policy and other capital adjustments.

##### 4.09.03 OCI

OCI comprises of items of income that are not recognized in profit or loss as required or permitted by other PFRS Accounting Standards. The Company's other comprehensive income pertains to actuarial loss which is recognized net of tax in the period in which it occurs.

#### **4.10 Provisions, Contingent Liabilities and Contingent Assets**

##### 4.10.01 Provisions

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

#### 4.10.02 Contingent Liabilities and Assets

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed only when an inflow of economic benefits is probable.

### **4.11 Revenue Recognition**

Revenue is recognized only when or as the Company satisfied a performance obligation by transferring control of the promised services to the clients in accordance with PFRS 15 and PFRS 4.

The Company's significant revenues pertain to membership fees on plans sold. The Company accounts for membership fees on plans sold in accordance with PFRS 4.

#### 4.11.01 Membership Fees

Membership fees are recognized over the term of the contract. The uncollected fees apart form part of the receivables while collected fees not yet recognized as revenue are credited to "Unearned fees reserve" account and presented in the liability section of the statements of financial position.

#### 4.11.02 Third Party Administration Fund Fees and Administrative Fees

Revenue is recognized over the period in which the related services are performed. Members and/or dependents are charges for healthcare administration services, cost of health services and other contract fees. These fees shall be exclusively used to pay health benefits of members and/or dependent and the Company's administrative and other services' fees. "Unearned fees reserve" account is maintained pertaining to fund of members and/or dependent which are administered by the Company.

#### 4.11.03 Interest Income

Interest income is recognized as interest accrues. Interest income from bank deposits is presented net of applicable tax withheld by the banks.

#### 4.11.04 Other Income

Other income is recognized to the extent that the economic benefits will flow to the Company and the amount of the revenue can be measured reliably.

### **4.12 Cost and Expense Recognition**

Cost and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss in following manner:

- on the basis of a direct association between costs incurred and the earning of specific items of income;
- on the basis of a systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and association with income can only be broadly or indirectly determined; or
- immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Cost and expenses in the statements of comprehensive income (loss) are presented using the function of expense method.

#### 4.13 Employee Benefits

##### 4.13.01 Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the reporting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

##### 4.13.02 Post-employment Benefits

The net defined benefit 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 plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost
- net interest on the net defined benefit liability or asset
- 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 the statements of comprehensive income (loss). Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which these arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Remeasurements recognized in other comprehensive income after the initial adoption of Revised PAS 19 are not closed to any other equity account.

#### 4.14 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.

##### 4.14.01 Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### *a. Right-of-use assets*

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets of 2 – 5 years.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment following the accounting policy on Impairment of Non-financial Assets.

*b. Lease liabilities*

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*c. Short-term Leases*

The Company applies the short-term lease recognition exemption to its short-term leases of condominium units (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 leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

#### **4.15 Foreign Currency Transactions and Translation**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency, i.e., foreign currencies, are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in the statements of comprehensive income (loss) in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### **4.16 Related Parties and Related Party Transactions**

##### 4.16.01 Related Parties

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Company, post-employment benefit plans for the benefit of Company's employees, and close members of the family of any individuals owning directly or indirectly a significant voting power of the Company that gives them significant influence in the financial and operating policy decisions of the Company are also considered to be related parties. An entity is related to the Company when it directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Company.

#### 4.16.02 Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Transactions between related parties are accounted for at an arm's length prices on terms similarly offered to non-related entities in an economically comparable market.

### **4.17 Income Taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

#### 4.17.01 Current Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income (loss) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### 4.17.02 Deferred Income Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets (DTA) are generally recognized for all deductible temporary differences, carry-forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary difference. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **4.18 Value-added Tax (VAT)**

Input tax represents the VAT paid on purchase of goods and services that the Company can apply against any future liability for output VAT on sale of goods and services subjected to VAT.

The input VAT can also be recovered as a tax credit under certain circumstances and can be applied against future income tax liability of the Company upon approval of the Bureau of Internal Revenue (BIR) and or/ Bureau of Customs. Input VAT is stated at its estimated net realizable values. Input VAT is classified as current assets.

Output VAT pertains to the 12% tax due on the local sale of goods and services by the Company.

#### 4.18.01 Deferred Output VAT

Deferred output VAT are recognized for output taxes related to outstanding trade receivables recognized before effectivity of the Ease of Paying Taxes Act which will generally be transferred to output VAT upon collection and accrued revenue in which no billing has been made yet as of reporting date.

### **4.19 Events after the End of the Reporting Period**

The Company identifies subsequent events as events that occurred after the reporting period but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's position at the end of the reporting period (adjusting events) are reflected in the financial statements, while subsequent events that do not require adjustments (non-adjusting events) are disclosed in the notes to financial statements when material.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

### **5.01 Critical Judgments in Applying Accounting Policies**

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

#### 5.01.01 Determining the Lease Term of Contracts with Renewal and Terminal Options – The Company as a Lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

#### 5.01.02 Determining the Timing of Satisfaction of Performance Obligations

The Company determines that its revenues from rendering of services when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer, which occurs when the customer obtains control of that good or service. In making its judgement, the Company considers the timing of receipt, the period covered of the policy and consumption of benefits provided by the Company to the clients.

## 5.02 Key Sources of Estimation Uncertainty

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

### 5.02.01 Estimating ECL on Receivables

ECL is provided for potentially uncollectible receivables. An evaluation of receivables, designed to identify potential charges to the allowance, is performed on a continuous basis throughout the year. The Company maintains allowance for credit losses accounts at a level based on the result of the individual and collective assessment. Under the individual assessment, the Company considers the payment history, past due status and term. The collective assessment would require the Company to group its receivables based on the credit risk characteristics (customer type, length of the Company's relationship with the customers, average age of accounts and collection experience) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile.

Historical loss experience is adjusted on the basis of current observable date to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgments and estimates. The amount and timing of recorded expenses for any period would therefore differ based on the judgments or estimates made.

As of December 31, 2024 and 2023, the Company has allowance for ECL amounted to ₱16,357,492 and ₱33,506,517, respectively, as disclosed in Note 11.

As of December 31, 2024 and 2023, trade and other receivables amounted to ₱192,358,015 and ₱171,042,222, respectively, as presented in Note 11.

### 5.02.02 Estimation of Retirement Benefit Expense

The determination of the retirement obligation and expense and other retirement benefits is dependent on the selection of certain assumptions. Those assumptions include among others, discount rates, expected returns on plan assets and rates of compensation increase. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

The balance of retirement benefit obligation as of December 31, 2024 and 2023 amounted to ₱2,732,125 and ₱19,271,735, respectively, as disclosed in Note 18.

### 5.02.03 Recognition of Deferred Tax Assets

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The Company's assessment on the recognition of deferred tax is based on the Company's past results and future expectations on revenues and expenses.

As of December 31, 2024 and 2023, the Company has recognized deferred tax assets amounting to ₱61,997,744 and ₱77,151,082, respectively, as presented in Note 25.

### 5.02.04 Valuation of Claims and Unearned Fees Reserves

Claims and unearned fees reserves are actuarially determined for future payments of claims. Procedures, data and studies are under the review process of the engaged actuary to enable the Company to meet the requirements under the new regulation of the Commission.

Claims and unearned fees reserves are sensitive to key assumptions pertaining to sensitivity of certain variables like uncertainty in the estimation process which is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and subsequent notification and eventual settlement, the outstanding claims are not known with certainty at the end of the reporting period. Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are to be recognized in subsequent financial statements.

The Company's claims and unearned fees reserves are estimated by an independent actuary who is accredited by the IC. The Company's claims reserves amounted to ₱87,031,589 and ₱137,541,849, as restated, as of December 31, 2024 and 2023, respectively, as disclosed in Note 15. The Company's unearned fees reserve amounted to ₱277,245,404 and ₱271,209,834, as restated, as of December 31, 2024 and 2023, respectively, as disclosed in Note 16.

## 6. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

### 6.01 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: credit risk, price risk, liquidity risk, interest rate risk and foreign exchange risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's management oversees the management of these risks. The management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The BOD reviews and agrees policies for managing each of these risks.

### 6.02 General Risk Management Principles

The Company's financial instruments comprise cash and cash equivalents, trade and other receivables (excluding advances to others), security deposits, IC deposit accounts, accounts and other payables, advances from related parties, lease liabilities, and loan payable. The management reviews and agrees policies for managing each of the risks and they are summarized below.

The following table summarizes the carrying amount of financial assets and liabilities recorded by category:

	Notes	2024	2023
<i>Financial assets at amortized cost:</i>			
Cash and cash equivalents	10	212,968,067	344,123,077
Trade and other receivables – net*	11	161,697,622	170,511,730
Security deposits	12,14	3,796,757	2,543,623
IC deposit accounts	14	15,000,000	15,660,000
		<b>393,462,446</b>	532,838,430
<i>Financial liabilities at amortized cost:</i>			
Accounts and other payables	15	1,050,210	27,098,164
Advances from related parties	9	–	3,042,985
Lease liabilities	8,26	1,364,322	6,113,546
Loan payable	17	9,779,852	–
		<b>12,194,384</b>	36,254,695

\*excluding advances to others amounting ₱30,660,393 and ₱530,492 as of December 31, 2024 and 2023, respectively.

### 6.03 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. It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Company ensures that issuance of policies are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures. The Company has made provisions, where necessary, for potential losses on credits extended. Allowance for ECL was recognized for years ended December 31, 2024 and 2023, as presented in Note 11.

Credit risk also arises from cash deposited with banks. The Company manages credit risk by depositing its cash with high credit quality banking institutions.

The maximum amount of the financial assets represents the maximum credit exposures. The maximum exposure to credit risk as of December 31 is as follows:

	Notes	2024	2023
Cash and cash equivalents in banks	10	<b>212,968,067</b>	344,123,077
Trade receivables	11	<b>172,374,172</b>	198,704,261
Security deposits	14	<b>3,796,757</b>	2,543,623
IC deposit accounts	14	<b>15,000,000</b>	15,660,000
		<b>404,138,996</b>	561,030,961

#### 6.03.01 Risk Concentration of the Maximum Exposure to Credit Risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Company's financial strength and undermine public confidence.

Given the Company's diverse base counterparties, it is not exposed to large concentration of credit risks.

#### 6.03.02 Credit Quality of Financial Assets

The table below shows the credit quality by age of trade receivables as of December 31, 2024 and 2023.

	Trade Receivables					
	Age of Receivables					
	<30 days	31-60 days	61-90 days	91 - 120 days	>120 days	Total
<b>2024</b>						
ECL Rate	0.62%	1.16%	2.83%	5.68%	100.00%	
Estimated total gross amount at default	<b>95,215,426</b>	<b>35,811,584</b>	<b>22,649,530</b>	<b>4,226,884</b>	<b>14,470,748</b>	<b>172,374,172</b>
<b>ECL</b>	<b>590,261</b>	<b>415,414</b>	<b>640,982</b>	<b>240,087</b>	<b>14,470,748</b>	<b>16,357,492</b>
	Trade Receivables					
	Age of Receivables					
	<30 days	31-60 days	61-90 days	91 - 120 days	>120 days	Total
<b>2023</b>						
ECL Rate	0.26%	0.74%	2.66%	5.65%	100.00%	
Estimated total gross amount at default	<b>98,339,487</b>	<b>53,285,368</b>	<b>11,427,505</b>	<b>3,279,411</b>	<b>32,372,490</b>	<b>198,704,261</b>
<b>ECL</b>	<b>250,456</b>	<b>394,312</b>	<b>303,972</b>	<b>185,287</b>	<b>32,372,490</b>	<b>33,506,517</b>

### 6.03.03 Impairment Assessment

The Company recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The methodology applied by the Company in assessing and measuring impairment is the specific/individual assessment. Under specific/individual assessment, the Company assesses each individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Company when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; the availability of other sources of financial support; and (e) the existing realizable value of collateral. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

Impairment requirements are applied for the recognition and measurement of a loss allowance for financial assets that are measured at FVOCI within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates on cash flows that are solely payments of principal and interest on the principal amount outstanding. However, the loss allowance is recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

At each the reporting date, the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on the financial instrument has increased significantly since initial recognition.

If at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, The Company measures the loss allowance for the financial instrument at an amount equal to 12-month ECL.

### **6.04 Foreign Exchange Risk**

Foreign exchange risk (or currency risk) arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is exposed to foreign exchange risk arising from foreign currency denominated bank accounts.

Management controls the timing of settlements of its receivables and payables to related parties to ensure that the Company is not significantly exposed to fluctuations of foreign exchange rates.

The Company's foreign transaction includes foreign denominated currency in United States Dollar (USD).

The Company's exposures to foreign currency risk as of December 31, 2024 and 2023 are as follows:

<b>Currency</b>	<b>2024</b>		<b>2023</b>	
	<b>In USD</b>	<b>In Philippine Peso</b>	<b>In USD</b>	<b>In Philippine Peso</b>
Cash	<b>200,030</b>	<b>11,570,756</b>	494,893	27,499,694

The table below illustrates the sensitivity of the loss before tax and equity with regard to the Company's foreign currency-denominated financial assets and financial liabilities and exchange rates for relevant foreign currencies to Philippine Peso. The analysis assumes a 5% change on the Philippine Peso or relevant foreign currency exchange rates and is based on the Company's foreign currency-denominated financial instruments held at each date of financial position, with effect estimated from the beginning of the year.

If the Philippine Peso had strengthened/weakened against those relevant foreign currencies, then loss before tax and equity would have been lower/ higher by the following amount:

	2024	2023
Profit before income tax	<b>+/-578,538</b>	+/-1,374,985
Equity*	<b>+/-433,903</b>	+/-1,031,239

\*equity is based on 75% of the total exposure

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency-denominated transactions. Moreover, the analysis above is considered to be unrepresentative of the Company's currency risk.

The Company recognized net unrealized foreign exchange gain of ₱69,357 and ₱227,957 in 2024 and 2023, respectively, as disclosed in Note 24.

#### **6.05 Liquidity Risk**

Ultimate responsibility for liquidity risk management rests with the BOD, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and cover its operating costs. The Company's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information.

The table below summarizes maturity profile of the Company's financial assets and liabilities as of December 31, 2024 and 2023 based on undiscounted contractual cash flows.

2024	On Demand	Due within 1 year	Due beyond 1 year but not more than 5 years	Total
<b>Financial assets:</b>				
Cash and cash equivalents in banks	121,968,067	91,000,000	-	212,968,067
Trade and other receivables*	161,697,622	-	-	161,697,622
Security deposits	-	1,939,845	1,856,912	3,796,757
IC deposit accounts	-	-	15,000,000	15,000,000
	<b>283,665,689</b>	<b>92,939,845</b>	<b>16,856,912</b>	<b>393,462,446</b>
<b>Financial liabilities:</b>				
Accounts and other payables	-	1,050,210	-	1,050,210
Lease liabilities	-	583,748	780,574	1,364,322
Loan payable	-	826,822	8,953,030	9,779,852
	<b>-</b>	<b>2,460,780</b>	<b>9,733,604</b>	<b>12,194,384</b>

\*excluding advances to others amounting ₱30,660,393.

2023	On Demand	Due within 1 year	Due beyond 1 year but not more than 5 years	Total
<b>Financial assets:</b>				
Cash and cash equivalents in banks	133,123,077	211,000,000	–	344,123,077
Trade and other receivables*	170,511,730	–	–	170,511,730
Security deposits	–	893,715	1,649,908	2,543,623
IC deposit accounts	–	–	15,660,000	15,660,000
	<b>303,634,807</b>	<b>211,893,715</b>	<b>17,309,908</b>	<b>532,838,430</b>
<b>Financial liabilities:</b>				
Accounts and other payables	–	27,098,164	–	27,098,164
Advances from related parties	–	–	3,042,985	3,042,985
Lease liabilities	–	2,735,384	3,378,162	6,113,546
	–	<b>29,833,548</b>	<b>6,421,147</b>	<b>36,254,695</b>

\*excluding advances to others amounting ₱530,492.

### 6.06 Interest Rate Risk

The Company is exposed to interest risk as it borrows funds at both fixed and floating interest rates. For floating rate liabilities, the sensitivity analysis is prepared assuming the amount of liability outstanding as of December 31, 2024 and 2023 was outstanding for the whole period/year.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	2024	2023
Profit before tax	<b>+/-6,822</b>	<b>+/-30,568</b>
Equity*	<b>+/-5,116</b>	<b>+/-22,926</b>

\*Equity is based on 75% of the total exposure.

## 7. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern entity and to provide an adequate return to its shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, (i.e., equity and liabilities). The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

### 7.01 Minimum Capitalization

IC CL No. 2016-41 mandates minimum capitalization and financial capacity requirements for HMOs. All existing domestic HMOs must have a minimum paid-up capital of at least ₱10,000,000 and must have a net worth which should be not less than its paid-up capital.

On April 11, 2025, the IC issued CL No. 2025-11, revising the minimum capitalization, financial capacity, and other regulatory requirements for HMOs. Under this circular, all existing domestic HMOs are still required to maintain a minimum paid-up capital of at least ₱10,000,000, with a net worth that is no less than their paid-up capital. Furthermore, HMOs will be classified into the following categories based on their net worth:

Tiers	Net Worth of
A	Over 500M
B	Over 100M to 500M
C	Over 50M to 100M
D	Up to 50M

As of December 31, 2024 and 2023, the Company's paid-up capital is above the statutory minimum paid-up capital and has a net worth above its paid-up capital.

### 7.02 Risk-based Capital Requirement

IC CL No. 2016-41 mandates that HMOs' maximum risk on gross membership fees shall be determined as follows:

Paid-Up Capital (PUC)	Maximum Gross Membership Fees
Up to 50,000,000	5 times of PUC
More than 50,000,000 up to 75,000,000	10 times of PUC
More than 75,000,000 up to 200,000,000	15 times of PUC
More than 200,000,000 up to 300,000,000	25 times of PUC
More than 300,000,000 up to 400,000,000	30 times of PUC
More than 400,000,000 up to 500,000,000	50 times of PUC
More than 500,000,000	No Limit

Gross membership fees pertain to the total annual fees arising from healthcare agreements of pre-agreed set of health services.

The Company's paid-up capital amounted to ₱75,001,000; hence, the maximum gross membership fees as required by the IC should be 15 times of PUC.

With the issuance of CL No. 2025-11, HMOs' maximum risk on gross membership fees shall now be determined as follows:

HMO Tier	Maximum Gross Membership Fees
A	No limit
B	Ten (10) times the Net Worth
C	Five (5) times the Net Worth
D	Three (3) times the Net Worth

Since the Company qualifies under HMO Tier B, the maximum allowable gross membership fees, as required by the IC, should be 10 times the net worth. As of December 31, 2024 and 2023, the Company is compliant with the limitations set under CL No. 2025-11.

### 7.03 Security Deposit Requirements

IC CL No. 2019-74, amending IC CL No. 2016-41, requires HMOs to deposit with the IC or, at the discretion of the Commissioner, trustee bank acceptable to the Commissioner through which a custodial account is utilized, 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. The security deposits shall at all times be not less than 25% of the HMO's actual paid-up capital.

As of December 31, 2024, the Company had an actual paid-up capital of ₱75,001,000. In line with the IC's requirement for HMOs to maintain a minimum paid-up capital equivalent to 25% of the authorized share capital, the required amount amounted to ₱18,750,250. The Company maintained a deposit of ₱15,000,000 at year-end. This deposit matured in March 2025, and the Company subsequently placed a deposit of ₱20,000,000 in compliance with the regulatory requirement, as disclosed in Note 30.

As of December 31, 2024, the Company is compliant with the minimum requirement of 25% of HMO's paid-up capital set by the IC.

#### **7.04 Liquidity Requirements**

Due to the unprecedented net loss of ₱1.44 billion in 2022 and the continued rise in healthcare costs and utilization rates in 2023, which significantly impacted the financial condition of several HMOs, IC issued CL No. 2023-24 to provide regulatory relief. This was done by lowering the ATR requirement from 1.0 to 0.75, allowing HMOs additional time to recover. However, by the end of 2023, the industry incurred a further net loss of ₱4.27 billion, bringing the total net loss for 2022 and 2023 to ₱5.71 billion. Recognizing the continued financial strain, IC saw the need to extend the regulatory relief initially granted under CL No. 2023-24, hence the issuance of CL No. 2024-18, which requires HMOs to maintain, at all times, a minimum ATR of 0.9. Acid test ratio shall be defined as current assets over current liabilities.

Acid test ratio requirement was 0.9 for 2024 and 0.75 for 2023. As of December 31, 2024, and 2023, the Company's acid test ratios were 0.95 and 1.20, respectively, which complies pursuant to the requirement of CL Nos. 2024-18 and 2023-24.

Pursuant to IC CL No. 2025-11, acid test ratio is now defined as quick assets over current liabilities. Depending on their respective tiers, HMOs are now required to at all times maintain an ATR based on the following:

<b>HMO Tier</b>	<b>ATR</b>
A	At least 1.0
B	
C	At least 1.75
D	At least 2.0

Following the issuance of the said CL, the acid test ratio requirement has been set to 1.0, as the Company falls under Tier B classification. Under the provision of the new CL, the Company's acid test ratio as of December 31, 2024 reduced to 0.95. Accordingly, the Company made cash infusion in April 2025 to maintain compliance with the liquidity requirements set forth in the circular, as disclosed in Note 30.

## **8. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

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.

A comparison by category and by class of carrying and fair values of all the Company's financial assets and financial liabilities, other than those with carrying amounts that are measurable approximations of fair values such as cash and cash equivalents, trade and other receivables (excluding advances to others), security deposits, IC deposit accounts, accounts and other payables, advances from related parties, and loan payable as follows:

	Carrying Value	Fair Value			Total
		Quoted (Unadjusted) Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>2024</b>					
Financial Liability					
Lease liabilities	1,364,322	–	1,364,322	–	1,364,322

	Carrying Value	Fair Value			Total
		Quoted (Unadjusted) Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>2023</b>					
Financial Liability					
Lease liabilities	6,113,546	–	6,113,546	–	6,113,546

The Company has no financial liabilities measured at fair value as of December 31, 2024 and 2023. There are no transfers between fair value measurements in 2024 and 2023.

The following method and assumption is used to estimate the fair value of financial liability:

*Lease Liabilities*

The Company recognizes lease liabilities based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

**9. RELATED PARTY TRANSACTIONS AND BALANCES**

**9.01 Related Party Relationships**

The following is a summary of related party accounts and transactions as at and for the years ended December 31, 2024 and 2023.

Name of the entity	Relationship	Nature of Transaction
Evercore Business Solutions Inc.	Entity under common control	Advances from related party
One Pacific Prime Solutions, Inc.	Entity under common control	Advances from related party
Others	Stockholders	Deposit for asset purchase

Entity under common control refers to an entity that is neither a parent, a subsidiary, nor an associate, but has shareholders common to the Company or under control.

## 9.02 Related Party Transactions and Balances

The Company entered into the following related party transactions and balances:

Category	2024		2023		Terms	Conditions
	Amount /Volume	Outstanding Balance	Amount /Volume	Outstanding Balance		
<b>Entities under common control:</b>						
<i>Evercore Business Solutions Inc.</i>						
a. Advances from	(1,005,735)	–	–	1,005,735	Pay-as-able; Non-interest bearing	To be settled in cash; Unsecured; Unguaranteed
<i>One Pacific Prime Solutions, Inc.</i>						
a. Advances from	(2,037,250)	–	–	2,037,250	Pay-as-able; Non-interest bearing	To be settled in cash; Unsecured; Unguaranteed
<b>Stockholders:</b>						
<i>Others</i>						
a. Deposit for asset purchase	(16,500,000)	–	–	16,500,000	–	To be applied as part of payments upon execution of sale; Unsecured; Unguaranteed; No impairment
<b>Total advances from related parties</b>	<b>(3,042,985)</b>	<b>–</b>	<b>–</b>	<b>3,042,985</b>		
<b>Total advances to related parties</b>	<b>(16,500,000)</b>	<b>–</b>	<b>–</b>	<b>16,500,000</b>		

Deposit for asset purchase pertain to payment made for purchase of property for future office space, as disclosed in Note 19. The amount will be applied as part of the payments upon execution of sale. In 2024, the Deed of Absolute Sale was executed and the Company obtained control over the property. Legal ownership is expected to be transferred upon registration and issuance of title in the Company's name. Control over the asset was clearly established through the Company's actions, including securing a loan from BDO to finance the remaining balance of the purchase price and assuming full responsibility for the renovation and development of the building. As a result, the deposit was reclassified and capitalized as part of Property and Equipment, as disclosed in Note 13.

Advances from related parties pertain to expenses covered by related parties on behalf of the Company. In 2024, the Company determined that advances amounting to ₱3,042,985 were no longer payable and accordingly written off, presented as part of gain from liabilities written off in Note 24.

### 9.03 Remuneration of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Remuneration of key management personnel is presented below:

	2024	2023
Short-term benefits	6,217,218	5,738,970
Retirement benefit expense	2,250,165	5,745,601
	<b>8,467,383</b>	11,484,571

As duly approved by the BOD through a board resolution, members of the BOD has received per diem remuneration for every board meeting and stockholders meeting attended amounting ₱220,000 and ₱200,000 in 2024 and 2023, respectively, presented as part of professional and director fees in Note 22. The Company has no other arrangement in material terms, including consulting contracts, pursuant to which any director was compensated, or is to be compensated directly or indirectly, for any service provided as director.

### 9.04 BIR RR No. 34-2020 Related Party Transaction Form and Transfer Pricing Documentation

The Bureau of Internal Revenue, in its Revenue Regulations No. 34-2020, requires taxpayers to submit BIR Form No. 1709 (RPT Form) to allow the BIR to verify that taxpayers are reporting their related party transactions at arm's length prices. The Company does not belong to taxpayers who are required to file and submit the RPT Form under Section 2 of RR 34-2020, the Company is not covered by the requirements and procedures for related party transactions under the said RR.

## 10. CASH AND CASH EQUIVALENTS

The Company's cash are as follows:

	2024	2023
Cash on hand	71,013	106,689
Cash in banks	121,968,067	133,123,077
Short-term investments	91,000,000	211,000,000
	<b>213,039,080</b>	344,229,766

Cash in banks earn interest at the respective bank deposit rates. The Company has earned interest income for its cash in banks amounting to ₱73,760 and ₱171,443 in 2024 and 2023, respectively, presented as part of interest income, as disclosed in Note 24.

The Company recognized unrealized foreign exchange gain of ₱69,357 and ₱227,957 in 2024 and 2023, respectively, as disclosed in Note 24. The Company's foreign currency denominated cash and their Philippine peso equivalents are restated at prevailing closing rates effective at the end of the reporting period.

Short-term investments pertain to placed term deposits on local banks which was subsequently renewed throughout the years, with 30-45 days as term, and interest rate ranging 6.28% to 8.16% in 2024 and 3.50% to 6.25% in 2023. Interest earned from time deposit amounted to ₱5,944,573 and ₱16,376,434 in 2024 and 2023, respectively, presented as part of interest income in Note 24.

Analysis of the movement of the short-term investments is as follows:

	2024	2023
Balance, January 1	211,000,000	365,000,000
Additions	10,000,000	1,000,000
Redemption	(130,000,000)	(155,000,000)
<b>Balance, December 31</b>	<b>91,000,000</b>	<b>211,000,000</b>

#### 11. TRADE AND OTHER RECEIVABLES – net

The Company's trade and other receivables are as follows:

	2024	2023
Accounts receivable	172,374,172	198,704,261
Allowance for ECL	(16,357,492)	(33,506,517)
	<b>156,016,680</b>	165,197,744
Advances to others	30,660,393	530,492
Due from officers and employees	3,056,250	2,629,925
Interest receivable	1,031,174	1,031,174
Other receivables	1,593,518	1,652,887
	<b>192,358,015</b>	<b>171,042,222</b>

Accounts receivables are non-interest bearing and arise from various customers, generally with payment terms of 15 to 30 days. These include HMO agreement assets, which represent amounts related to assets for remaining coverage and incurred claims. The HMO agreement assets outlines the medical benefits and services covered by the Company, as specified in the schedule of benefits, under which the Company assumes responsibility for medical expenses up to a defined extent.

Advances to others pertains to advance payment by the Company for medical claims paid to hospitals utilized by clients.

Due from officers and employees are interest bearing and collectible through salary deduction. Interest earned from due from officers and employees amounted to ₱382,532 and ₱61,057 in 2024 and 2023, respectively, presented as part of interest income in Note 24. In 2024, the Company assessed that the advances of resigned officers and employees amounting to ₱40,740 were no longer collectible. The amount was written off and presented as part of loss on asset disposal and write-off, as disclosed in Note 24.

Interest receivable pertains to interest accrued on short-term investments presented in Note 10.

Other receivables consist of the payment of the real property tax on the sixth-floor office space and receivable from Social Security System (SSS). The real property tax which the Company decided to pay on behalf of all the tenants occupying the floor will be settled through cash collection expected to be made within the next 12 months. In 2024, the Company determined that other receivables amounting to ₱1,064,030 were no longer payable and accordingly written off, presented as part of loss on asset disposal and write-off in Note 24.

Analysis of allowance for ECL is as follows:

	Notes	2024	2023
Balance, January 1		<b>33,506,517</b>	16,056,495
Provision for ECL	22	–	17,450,022
Reversal of ECL	24	<b>(13,014,801)</b>	–
Write-off		<b>(4,134,224)</b>	–
<b>Balance, December 31</b>		<b>16,357,492</b>	33,506,517

During the year, the Company recognized a significant reversal of ECL. This was primarily driven by improved collection efforts, which led to a substantial reduction in long-outstanding receivable balances. In addition, no policy renewals were made for clients with previously identified doubtful accounts, resulting in a higher-quality receivables portfolio during the year. These factors contributed to an overall improvement in the credit risk profile of outstanding accounts, which in turn led to the application of lower loss rates in the ECL model.

In 2024, the Company wrote off accounts receivable amounting to ₱4,134,224 following an assessment that determined the balance to be no longer collectible. These receivables had previously been fully provided for under the ECL model.

## 12. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	Note	2024	2023
Guarantee deposit assets		<b>2,600,000</b>	5,900,000
Security deposits	26	<b>1,939,845</b>	893,715
		<b>4,539,845</b>	6,793,715

Guarantee deposit assets are cash deposits made by the Company as a guarantee to various hospitals for all the utilization of their clients approved for coverage, such as their hospital bills or doctor's fees incurred. The agreement between the Company and various hospitals will be terminated until the end of the hospital's accreditation with the Company. In 2024, portion of the Company's guarantee deposit assets amounting to ₱3,300,000 was written off, presented as part of loss on asset disposal and write-off, as disclosed in Note 24.

Security deposits are refundable security deposits made by the Company as required by the lease agreements entered, as disclosed in Note 26.

**13. PROPERTY AND EQUIPMENT – net**

The carrying amounts of the Company's property and equipment as of December 31, 2024 and 2023 are as follows:

	Construction in progress	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	IT Equipment	Total
<b>2024</b>						
<b>Cost</b>						
Balance, January 1	–	22,712,806	8,496,930	7,285,826	10,475,059	48,970,621
Additions	28,235,000	1,685,072	2,590,000	–	102,000	32,612,072
Balance, December 31	28,235,000	24,397,878	11,086,930	7,285,826	10,577,059	81,582,693
<b>Accumulated depreciation</b>						
Balance, January 1	–	13,543,920	5,014,562	3,704,794	4,545,617	26,808,893
Depreciation	–	3,725,290	2,001,552	1,463,571	1,960,113	9,150,526
Balance, December 31	–	17,269,210	7,016,114	5,168,365	6,505,730	35,959,419
<b>Carrying amount</b>	<b>28,235,000</b>	<b>7,128,668</b>	<b>4,070,816</b>	<b>2,117,461</b>	<b>4,071,329</b>	<b>45,623,274</b>
<b>2023</b>						
<b>Cost</b>						
Balance, January 1	–	25,562,675	11,316,532	7,329,027	7,420,212	51,628,446
Additions	–	2,239,774	73,116	–	3,054,847	5,367,737
Disposal	–	(5,089,643)	(2,892,718)	(43,201)	–	(8,025,562)
Balance, December 31	–	22,712,806	8,496,930	7,285,826	10,475,059	48,970,621
<b>Accumulated depreciation</b>						
Balance, January 1	–	14,996,491	6,215,206	2,307,691	2,881,888	26,401,276
Depreciation	–	3,637,072	1,692,074	1,440,304	1,663,729	8,433,179
Disposal	–	(5,089,643)	(2,892,718)	(43,201)	–	(8,025,562)
Balance, December 31	–	13,543,920	5,014,562	3,704,794	4,545,617	26,808,893
<b>Carrying amount</b>	<b>–</b>	<b>9,168,886</b>	<b>3,482,368</b>	<b>3,581,032</b>	<b>5,929,442</b>	<b>22,161,728</b>

In 2024, the Company recorded total additions to property and equipment amounting to ₱32,612,072, of which ₱28,235,000 pertains to construction in progress for additional office units. The acquisition includes an amount of ₱16,500,000 previously recognized as deposit for asset purchase from related parties, which was reclassified to property and equipment during the year, as disclosed in Note 9. This portion was funded through the reversal of previously appropriated retained earnings, as disclosed in Note 19. The remaining ₱10,000,000 of the construction in progress was financed through a bank, as disclosed in Note 17. As of December 31, 2024, total cost of billings related to the construction amounted to ₱1,735,000. All other additions were paid in cash.

In 2024, the construction in progress with a carrying value of ₱26,500,000 is pledged as security for the related liability. However, as of December 31, 2024 and 2023, the Company has no outstanding contractual commitment to acquire certain property and equipment.

In 2023, the Company disposed its fully depreciated office furniture and equipment, transportation equipment and, leasehold improvements costing ₱5,089,643, ₱2,892,718, and ₱43,201, respectively. No gain or loss on asset disposal is recorded from these disposals.

Management has made significant estimates on the recoverability of the Company's equipment and concluded that as of years ended December 31, 2024 and 2023, no indication of impairment is present that would necessitate the recognition of impairment loss on the Company's assets.

Fully-depreciated property and equipment still in use amounted to ₱5,735,044 and ₱4,803,296 as of December 31, 2024 and 2023, respectively.

#### **14. OTHER NON-CURRENT ASSETS**

The Company's other non-current assets are as follows:

	<b>2024</b>	2023
IC deposit accounts	<b>15,000,000</b>	15,660,000
Security deposits	<b>1,856,912</b>	1,649,908
Other non-current asset	–	7,712,002
	<b>16,856,912</b>	25,021,910

IC deposit accounts pertain to Company's security deposits under IC requirement. The IC have set a financial capital requirements to all existing domestic HMOs to have at least a minimum of ₱10,000,000 paid-up capital, whereas HMOs shall deposit with a value of not less than ₱5,000,000 or 25% of HMO's paid-up capital, whichever is higher. These security deposits made to comply with the IC requirements are debt instruments measured at amortised cost at reporting date.

Security deposit pertains to lease and utilities deposits to be refunded upon end of contract. As of December 31, 2024 and 2023, security deposits relating to leases amounted to ₱311,328 and ₱994,218, respectively, as disclosed in Note 26.

Other non-current asset includes the payments for acquisition of 6th floor office space of the Company located in Makati Executive Centre. The acquisition was made in 2012. The Company has made payments for the purchase price and all other directly attributable costs. As of December 31, 2024, the transfer of the title of the property was not yet realized. Management has made significant estimate on the recoverability of the other non-current asset as of the year ended December 31, 2023, no indication of impairment is present that would necessitate the recognition of impairment loss on the Company's asset. However, in 2024, the other non-current asset amounting to ₱7,712,002 was determined to be unrecoverable and was written off, presented as part of loss on asset disposal and write-off, as disclosed in Note 24.

## 15. CLAIMS PAYABLE AND OTHER CURRENT LIABILITIES

The Company's claims payable and other current liabilities are as follows:

	2024	2023 (As restated – Note 28)
Claims reserves	87,031,589	137,541,849
Output VAT	15,401,020	15,607,867
Deferred output VAT	14,872,011	31,997,572
Managed care liability	14,064,737	59,611,118
ASO fund liabilities	8,473,500	8,473,500
Withholding taxes payables	3,121,918	2,372,216
ASO reserves	1,655,951	5,652,367
Accounts payable	708,960	26,781,914
Government contribution payables	181,327	193,916
Other payables	341,250	316,250
	<b>145,852,263</b>	<b>288,548,569</b>

Claims reserves consists of as follows:

	2024	2023 (As restated – Note 28)
IBNR	31,089,895	118,072,370
ICOS	29,643,136	1,508,122
D & U Claims	13,992,005	11,411,745
Insurance premium reserves	8,759,881	–
Claims handling liabilities	3,546,672	6,549,612
	<b>87,031,589</b>	<b>137,541,849</b>

Managed care liability is mainly a fund covered by a MOA between the Company and its client. The Company bills its clients based on related MOA's schedule of benefits. It includes, among other things, utilization and administration provisions including riders noted. It is adjusted for any excess utilization (incurring more than what is stated in the schedule of benefits) by the client. The Company has written off portion of managed care liability which resulted to gain amounting to ₱59,829,750 and ₱59,611,118, in 2024 and 2023, respectively, presented as part of gain from liabilities written off in Note 24.

Accounts payable pertains mostly to unpaid billings from hospitals for medical expenses, medicines and other professional fees. The Company has written off accounts payable which resulted to gain amounting to ₱2,812,301, in 2023, respectively, presented as part of gain from liabilities written off in Note 24.

Other payables pertain to accrued professional fees for audit services.

## 16. UNEARNED FEES RESERVE

The Company's unearned fees reserve consist of:

	2024	2023 (As restated – Note 28)
UMFR	276,736,088	270,751,931
UAFR	509,316	457,903
	<b>277,245,404</b>	<b>271,209,834</b>

Movement of unearned fees reserve recognised as part of revenues amounted to ₱6,035,570 and ₱92,016,038 in 2024 and 2023, respectively, as disclosed in Note 20.

## 17. LOAN PAYABLE

In 2024, the Company entered into a loan agreement with a local bank with the following details:

Lender	Loan term	Interest Rate	Amount
BDO Unibank Inc.	10 years	6.5%	10,000,000

The loan was granted for the purpose of the Company's purchase of a commercial condominium unit to which the same serves as security to the loan, as disclosed in Note 13. The property has carrying value of ₱26,500,000 and nil as of December 31, 2024 and 2023, respectively.

Rollforward analysis of the loan as of December 31, 2024 and 2023 is as follows:

	Note	2024	2023
Balance, January 1		–	–
Additions		10,000,000	–
Interest expense	24	1,218,020	–
Payments		(1,438,168)	–
		<b>9,779,852</b>	<b>–</b>

The following is the current and non-current portion of loan payable as at December 31, 2024 and 2023.

	2024	2023
Current	826,822	–
Non-current	8,953,030	–
	<b>9,779,852</b>	<b>–</b>

## 18. RETIREMENT BENEFIT OBLIGATION

The Company does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the final salary defined benefit type and provides a retirement benefit equal to 22.5 days pay for every year of credited service for employees who attain the normal retirement age of sixty (60) with at least five (5) years of service. The regulatory benefit is paid in a lump sum upon retirement.

Actuarial valuation was done for December 31, 2024 by an independent actuary who issued their report dated April 25, 2025. The latest actuarial valuation report as of December 31, 2024 is determined using the projected unit credit actuarial cost method. Currently, the Company has no plan asset established for the funding of the retirement benefits obligation.

The movement in the present value of defined benefit obligation for the year ended December 31, 2024 and 2023 are as follows:

	2024	2023
Balance, January 1	19,271,735	16,897,687
Current service cost	2,121,287	1,858,672
Interest expense	1,179,430	1,220,013
Actuarial gain	(19,840,327)	(704,637)
<b>Balance, December 31</b>	<b>2,732,125</b>	<b>19,271,735</b>

The retirement benefit expense recognized in profit or loss is as follows:

	Note	2024	2023
Current service cost		2,121,287	1,858,672
Interest expense		1,179,430	1,220,013
<b>Retirement benefit expense</b>	<b>23</b>	<b>3,300,717</b>	<b>3,078,685</b>

Other comprehensive income in the statements of financial position pertains to the cumulative actuarial losses (gains) on non-contributory defined benefit plan net of corresponding deferred tax as follows:

	2024	2023
Balance, January 1	(18,156,939)	(17,628,461)
Actuarial gain – experience	(3,981,944)	(3,838,739)
Actuarial gain – changes in demographic assumptions	(15,858,383)	–
Actuarial loss – changes in financial assumptions	–	3,134,102
Actuarial gain recognized for the year	(19,840,327)	(704,637)
Tax effect	4,960,082	176,159
<b>Actuarial gain recognized for the period – net tax</b>	<b>(14,880,245)</b>	<b>(528,478)</b>
<b>Balance, December 31</b>	<b>(33,037,184)</b>	<b>(18,156,939)</b>

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2024	2023
Discount rate	6.12%	6.12%
Salary rate	5.00%	5.00%

These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

Withdrawal rates of employees for 2024 and 2023 are as follows:

Age	2024	2023
19-24 years old	37.08%	7.50%
25-29 years old	48.51%	6.00%
30-34 years old	61.29%	4.50%
35-39 years old	50.00%	3.00%
40-44 years old	13.50%	2.00%
45-49 years old	15.29%	0.00%
50-54 years old	20.50%	0.00%
> 55 years old	17.17%	0.00%

The information on the sensitivity analysis and the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation are described below:

	Impact on Retirement Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
<b>2024</b>			
Discount rate	+/- 100bps	130,878	(114,960)
Salary growth rate	+/- 100bps	131,027	(117,155)
Attrition rate	-	17,733,031	-
<b>2023</b>			
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	+/- 100bps	3,546,078	(2,877,507)
Salary growth rate	+/- 100bps	3,550,533	(2,930,238)
Attrition rate	-	2,551,215	-

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be a representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

Shown below is the maturity analysis of the Company's undiscounted benefit payments as of December 31, 2024 and 2023:

<b>Financial Year</b>	<b>2024</b>	<b>2023</b>
Year 1	<b>1,592,572</b>	1,590,431
Year 2	—	—
Year 3	—	—
Year 4	—	—
Year 5	—	—
Year 6-10	<b>1,233,225</b>	4,578,792

No retirement benefit obligation is expected to be settled in the next twelve months after the reporting period.

## **19. STOCKHOLDERS' EQUITY**

### **19.01 Share Capital**

The details of the Company's share capital (with a par value of ₱1,000 per share) follow:

	<b>2024</b>	<b>2023</b>
Authorized at ₱1,000 par value per share	<b>100,000,000</b>	100,000,000
Issued and paid at ₱1,000 par value per share	<b>75,001,000</b>	50,000,000
Capital paid in excess of par	—	25,001,000

The Company has one class of ordinary shares which carries no right to fixed income.

### **19.02 Appropriation of Retained Earnings**

On February 9, 2022, the BOD held a special meeting and has approved appropriation of retained earnings amounting ₱25,000,000 for tax contingency to address the effect of Corporate Recovery and Tax Incentives for Enterprises Act on the VAT zero-rated transactions of enterprises registered with Investment Promotion Agencies, to which appropriation was effective as of December 31, 2021.

On October 7, 2022, the BOD has resolved and approved that the purpose of the appropriation of ₱25,000,000 be changed to future purchase of a property to be used as additional office spaces. In 2024, the deposit amounting to ₱16,500,000 was reclassified and capitalized as part of Property and Equipment, as disclosed in Note 9.

In 2024, ₱16,500,000 of the appropriated amount was utilized for the purchase of office units and accordingly reversed from appropriated to unappropriated retained earnings. The amount was reclassified and capitalized as part of Property and Equipment, as disclosed in Note 9. As of December 31, 2024, the remaining ₱8,500,000 is retained under appropriated retained earnings to support the digital transformation of the company's systems and processes.

### **19.03 Reclassification of additional paid-in capital**

On November 12, 2024, the majority of the stockholders approved, and the Board of Directors subsequently resolved, the conversion of additional paid-in capital amounting to ₱25,001,000 into share capital. This transaction was a reclassification within equity and did not affect the total equity of the Company.

## 20. REVENUES

The Company's revenues consist of:

	Note	2024	2023 (As restated – Note 28)
Membership fees		934,180,929	884,292,376
Administrative fees		2,570,353	4,322,697
		<b>936,751,282</b>	888,615,073
Movement in UMFR and UAFR reserves	16	(6,035,570)	(92,016,038)
		<b>930,715,712</b>	796,599,035

## 21. HEALTHCARE BENEFITS AND CLAIMS

Healthcare benefits and claims consist of:

		2024	2023 (As restated – Note 28)
Medical service and hospitalization		701,987,022	622,603,770
Professional fees		93,367,217	121,817,732
Commission – intermediaries		51,245,546	54,271,521
Insurance		6,755,727	10,462,571
Medical and office supplies		4,716,231	5,778,065
		<b>858,071,743</b>	814,933,659
Increase (decrease) in claims and ASO reserves		(54,506,675)	31,927,343
		<b>803,565,068</b>	846,861,002

## 22. ADMINISTRATIVE EXPENSES

Administrative expenses consist of:

	Notes	2024	2023
Personnel costs	23	68,437,187	86,340,296
Professional and director fees		28,701,066	11,514,490
Penalties and surcharges		13,676,604	5,885,536
Depreciation	13,26	9,894,473	11,058,571
Subscription		9,832,666	–
Taxes and licenses		6,895,355	8,581,850
Communication, light and water		4,454,832	4,945,945
Rent expense	26	3,758,021	3,064,576
Entertainment, amusement, and recreation		3,127,409	2,487,220
Commission		3,034,166	9,414,452
Repairs and maintenance		2,203,653	684,360
Office and other supplies		1,795,695	1,859,858
Parking and other dues		1,710,740	944,265
Transportation and travel		1,575,140	1,770,010
Insurance expenses		773,990	486,297
Trainings and seminars		653,477	61,023
Delivery charge		506,745	655,498
Donation		245,207	94,480
Advertising expense		200	652,722
Provision for ECL	11	–	17,450,022
Others		3,032,155	1,631,285
		<b>164,308,781</b>	<b>169,582,756</b>

Subscription pertains to recurring fees for tools used to support the Company's operational and administrative functions. These are expensed as incurred and are not capitalizable in nature.

Others include expenses incurred for events, solicitation, printing and notarial fees.

## 23. PERSONNEL COST

Personnel cost consist of:

	Note	2024	2023
Salaries and wages		56,987,502	59,806,894
Government contributions		5,155,461	6,146,290
Retirement benefit expense	18	3,300,717	3,078,685
Employee benefits and allowance		2,993,507	17,308,427
		<b>68,437,187</b>	<b>86,340,296</b>

**24. OTHER INCOME – net**

Other income (expense) consists of:

	Notes	2024	2023
Gain from liabilities written off	9,15	62,872,735	62,423,419
Reversal of provision for ECL	11	13,014,801	–
Loss on asset disposal and write-off	11,12,14	(12,116,772)	(899,787)
Interest income	10,11	6,400,865	16,608,934
Interest expense	17,26	(3,924,511)	(1,240,742)
Realized foreign exchange gain		1,070,662	175,747
Gain on lease termination	26	687,587	–
Unrealized foreign exchange gain	10	69,357	227,957
		<b>68,074,724</b>	<b>77,295,528</b>

Interest expense includes charges incurred due to late payments to hospitals, interest on lease liabilities, and interest on loan payable. Interest on lease liabilities amounted to ₱106,680 in 2024 and ₱451,519 in 2023, as disclosed in Note 26. Interest on loan payable amounted to ₱1,218,020 in 2024 and nil in 2023, as disclosed in Note 17.

**25. INCOME TAX EXPENSE**

**25.01 Income tax expense recognized in profit and loss**

The components of income tax expense are as follows:

	2024	2023 (As restated – Note 28)
Income tax expense – current:		
MCIT at 2% and 1.5%, respectively	2,860,109	645,654
Income tax expense (benefit) – deferred:		
Decrease (increase) in claims and ASO reserves	13,626,669	(7,981,836)
Reversal of (provision for) ECL	4,287,256	(4,362,506)
MCIT	(2,860,109)	(645,654)
NOLCO	(2,661,942)	(25,243,437)
Movement of unearned income	(1,508,893)	–
Retirement benefit expense	(825,179)	(769,671)
Leases – PFRS 16	175,104	1,359
Reversal of unrealized foreign exchange gain last year	(56,989)	(2,096)
Unrealized foreign exchange gain	17,339	56,989
	<b>10,193,256</b>	<b>(38,946,852)</b>
Income tax expense (benefit)	<b>13,053,365</b>	<b>(38,301,198)</b>

A reconciliation of the income tax expenses computed at statutory income tax rate to the income tax expense (benefit) shown in the statements of comprehensive income (loss) is as follows:

	2024	2023 (As restated – Note 28)
Profit (loss) before income tax	<b>30,916,587</b>	(142,549,195)
Income tax expense at 25%	<b>7,729,147</b>	(35,637,299)
Tax effects of non-taxable income and non-deductible expenses:		
Permanent differences:		
Non-deductible expense	<b>6,885,790</b>	1,473,070
Interest income	<b>(1,504,583)</b>	(4,136,969)
Reversal of unrealized gain last year	<b>(56,989)</b>	–
	<b>13,053,365</b>	(38,301,198)

**25.02 Deferred tax assets – net**

The components of the Company's deferred tax assets (liability) are as follows:

	Unrealize d foreign exchange gain	Retirement benefit expense	Claims Reserves	Leases – PFRS 16	Allowance for ECL	Unearned income	MCIT	NOLCO	DTA – net
January 1, 2023	(2,096)	4,224,422	29,935,093	208,846	4,014,124	–	–	–	38,380,389
Impact on profit or loss:									
Origination	(56,989)	769,671	7,981,836	–	4,362,506	–	645,654	25,243,437	38,946,115
Reversal	2,096	–	–	(1,359)	–	–	–	–	737
	(54,893)	769,671	7,981,836	(1,359)	4,362,506	–	645,654	25,243,437	38,946,852
Impact on OCI:									
Origination	–	(176,159)	–	–	–	–	–	–	(176,159)
December 31, 2023	(56,989)	4,817,934	37,916,929	207,487	8,376,630	–	645,654	25,243,437	77,151,082
Impact on profit or loss:									
Origination	(17,339)	825,179	(13,626,669)	–	(4,287,256)	1,508,893	2,860,109	2,661,942	(10,075,141)
Reversal	56,989	–	–	(175,104)	–	–	–	–	(118,115)
	39,650	825,179	(13,626,669)	(175,104)	(4,287,256)	1,508,893	2,860,109	2,661,942	(10,193,256)
Impact on OCI:									
Origination	–	(4,960,082)	–	–	–	–	–	–	(4,960,082)
<b>December 31, 2024</b>	<b>(17,339)</b>	<b>683,031</b>	<b>24,290,260</b>	<b>32,383</b>	<b>4,089,374</b>	<b>1,508,893</b>	<b>3,505,763</b>	<b>27,905,379</b>	<b>61,997,744</b>

### 25.03 NOLCO

Under Section 34(D)(3) of the National Internal Revenue Code of 1997, the net operating loss of business or enterprises for any taxable year, except taxable years 2020 and 2021, which had not been previously offset as deduction from gross income, shall be carried over as a deduction from gross income for the next three (3) consecutive years immediately following the year of such loss.

The carry forward benefits of the Company's NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2023	2026	100,973,750	–	–	100,973,750
2024	2027	10,647,768	–	–	10,647,768
		<b>111,621,518</b>	<b>–</b>	<b>–</b>	<b>111,621,518</b>

### 25.04 MCIT

Section 27(E) of the National Internal Revenue Code provides that an MCIT of two percent (2%) of the gross income as of the end of the taxable year is imposed on a taxable corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operation, when the MCIT is greater than RCIT for the taxable year. The Company was incorporated on 2006, thus, it is subject to MCIT.

Any excess of the MCIT over RCIT shall be carried forward on an annual basis and credited against RCIT for 3 immediately succeeding taxable years. The ratification of the CREATE Bill lowered the MCIT from 2% to 1% effective July 2020 until June 30, 2023. Starting July 1, 2023, MCIT shall revert to the original rate of 2%.

Details of the Company's MCIT which can be claimed as tax credits against regular income tax are as follows:

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2023	2026	645,654	–	–	645,654
2024	2027	2,860,109	–	–	2,860,109
		<b>3,505,763</b>	<b>–</b>	<b>–</b>	<b>3,505,763</b>

## 26. LEASE AGREEMENTS

The lease arrangements are non-cancellable and provide for among others, payment of rental deposits which will be refunded upon termination of the leases. The Company's lease agreements are composed of short-term leases and other leases with 2 to 5 years term. Total security deposits amounting ₱2,251,173 and ₱1,887,933 as of December 31, 2024 and 2023, respectively, were paid by the Company in relation with the lease contracts, as part of security deposits disclosed in Note 12 and 14.

## 26.01 Right-of-use of assets

The Company lease contracts for office spaces used in its operations qualified under PFRS 16 generally have lease terms between 2 and 5 years.

On January 1, 2024, the Company terminated its lease agreement for one of its office spaces. As a result of the termination, the remaining lease liability and the corresponding right-of-use asset associated with the leased office space will be derecognized in 2024. The termination resulted in the recognition of gain on lease termination amounting to ₱687,587, as disclosed in Note 24.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during 2024 and 2023:

	2024	2023
Cost:		
Balance, January 1	5,283,596	7,908,988
Derecognition	(3,304,860)	-
Balance, December 31	1,978,736	7,908,988
Depreciation	(743,947)	(2,625,392)
<b>Net carrying value</b>	<b>1,234,789</b>	<b>5,283,596</b>

## 26.02 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Notes	2024	2023
Balance, January 1	27	6,113,546	8,744,375
Accretion of interest	24,27	106,680	451,519
Payments	27	(863,457)	(3,082,348)
Derecognition		(3,992,447)	-
Balance, December 31	8,27	1,364,322	6,113,546

The following is the current and non-current portion of lease liabilities as of December 31, 2024 and 2023.

	2024	2023
Current	583,748	2,735,384
Non-current	780,574	3,378,162
	<b>1,364,322</b>	<b>6,113,546</b>

The maturity analysis of lease payments is disclosed below:

	2024	2023
Lease payments:		
Within 1 year	649,728	2,956,302
1-5 years	812,160	3,536,646
	<b>1,461,888</b>	<b>6,492,948</b>

	2024	2023
Interest:		
Within 1 year	65,980	220,918
1-5 years	31,586	158,484
	<b>97,566</b>	379,402

The following are amounts recognized in profit or loss:

	Notes	2024	2023
Depreciation of right-of-use asset	22	743,947	2,625,392
Interest expense on lease liability	24	106,680	451,519
Total amount recognized in profit/loss		<b>850,627</b>	3,076,911

### 26.03 Short Term Leases Not Qualified Under PFRS 16

The Company has short-term leases with various lessors. The operating lease agreements are short-term periods ranging from 1 to 12 months from the date of contracts. Rent expense for the years ended December 31, 2024 and 2023 amounted to ₱3,758,021 and ₱3,064,576, respectively, as disclosed in Note 22.

## 27. NOTES TO CASH FLOWS

The following are the financing activities resulting to changes in the Company's liabilities:

2024	January 1, 2024	Cashflows	Others	December 31, 2024
Lease liabilities*	6,113,546	(863,457)	106,680	5,356,769
Loan payable**	-	(1,438,168)	-	(1,438,168)
	<b>6,113,546</b>	<b>(2,301,625)</b>	<b>106,680</b>	<b>3,918,601</b>

\*Cashflows include payment of principal and interest portion amounting to ₱756,777 and ₱106,680, respectively (see Note 26).

\*\*Cashflows include payment of principal and interest portion amounting to ₱220,148 and ₱1,218,020, respectively (see Note 17).

2023	January 1, 2023	Cashflows	Others	December 31, 2023
Lease liabilities*	8,744,375	(3,082,348)	451,519	6,113,546

\*Cashflows include payment of principal and interest portion amounting to ₱2,630,829 and ₱451,519, respectively (see Note 26).

### 27.01 Non-cash Activities

In 2024, the Company's significant non-cash investing activity pertains to the acquisition of additional office units amounting to ₱16,500,000, while its significant non-cash financing activity pertains to the acquisition of additional office units amounting to ₱10,000,000, financed through a bank loan, as disclosed in Note 17. There were no significant non-cash investing or financing activities in 2023.

## 28. CORRECTION OF PRIOR PERIOD ERRORS

Certain changes in presentation provide more reliable and relevant information and better understanding of the Company's financial statements. Amounts presented have been restated to enhance the comparability with the current year's financial statements as shown below:

The 2023 financial statements were restated in order to reflect the following corrections:

- i. Adjustment on deferred tax assets, amounting to ₱29,199,764, pertains to changes in claims reserves recorded in 2023, following revisions made by the Company's former appointed actuary.
- ii. Adjustments to claims payable and other current liabilities and unearned fees reserve amounting to ₱116,799,055 and ₱1,290,399, respectively, reflecting the actuarial adjustments from the 2023 actuarial report from the Company's former appointed actuary.

There is no impact on the opening balance of January 1, 2023; hence, a third statement of financial position is not presented.

The effect of restatements on affected assets, liabilities and equity components is shown below:

December 31, 2023	As previously reported	Effect of restatements	As restated
<i>Non-current assets</i>			
Deferred tax asset – net	47,951,318	29,199,764	77,151,082
<i>Current liabilities</i>			
Claims payable and other current liabilities	171,749,514	116,799,055	288,548,569
Unearned fees reserve	272,500,233	(1,290,399)	271,209,834
<i>Equity</i>			
Retained earnings – Unappropriated	60,878,473	(86,308,892)	(25,430,419)
<hr/>			
December 31, 2023	As previously reported	Effect of restatements	As restated
<i>Revenue</i>			
Movement in UMFR and UAFR reserves	(93,306,437)	1,290,399	(92,016,038)
<i>Healthcare benefits and claims</i>			
Increase (decrease) in claims and ASO reserves	84,871,712	(116,799,055)	(31,927,343)
<i>Income tax</i>			
Income tax expense	9,101,434	29,199,764	38,301,198
Effect of restatement		(86,308,892)	

**29. PROVISIONS AND CONTINGENCIES**

The Company is not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, to be accrued or disclosed in the financial statements. The Company has complied with all aspects of contractual agreements that could have a material effect on the accounts in the event of non-compliance.

**30. EVENTS AFTER THE END OF REPORTING PERIOD**

In March 2025, the Company's ₱15,000,000 time deposit related to compliance with the Insurance Commission's 25% paid-up capital requirement matured. A new time deposit amounting to ₱20,000,000 was subsequently placed to maintain compliance with the said requirement. This is considered a non-adjusting event after the reporting date.

In April 2025, the Company made a cash infusion amounting to ₱17,941,000 to maintain compliance with the liquidity requirements prescribed under IC Circular Letter No. 2025-11.

No events after the date of the statements of financial position were identified in these financial statements that provide evidence of conditions that existed at the date of the statements of financial position (adjusting events after the date of the statements of financial position).

## SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS (RR) No. 15-2010

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

### Value-Added Tax (VAT)

The National Internal Revenue Code (NIRC) of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. Details of the Company's net sales/receipts, output VAT and input VAT accounts are as follows:

#### Output VAT

Details on the Company's VAT output tax declared are as follows:

	2024		2023	
	Tax Base	Output VAT	Tax base	Output VAT
Taxable Sales:				
Sale of goods	839,216,802	100,706,016	735,909,699	88,309,164
Zero - rated sales	114,537,701	–	68,207,235	–
Exempt sales	–	–	672	–
	<b>953,754,503</b>	<b>100,706,016</b>	804,117,606	88,309,164

The NIRC specifies the services that are subject to zero percent (0%) VAT rate. Zero-rated sale of services pertains to services made by the Company to non-resident foreign customers, in which the consideration for the services is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas [Section 108 (B) (2) of NIRC].

#### Input VAT

An analysis of the Company's input tax claimed are as follows:

	2024	2023
Beginning balance of input VAT	–	–
Add Input VAT on Domestic Purchases of:		
Domestic Purchase of Goods other than Capital Goods	4,095,169	5,258,586
<b>Total available input vat</b>	<b>4,095,169</b>	<b>5,258,586</b>
<b>Deductions from input vat:</b>		
Claimed against output VAT	(4,095,169)	(5,258,583)
Input VAT allocated to exempt gross receipts	–	(3)
<b>Total Allowable Input Vat</b>	<b>–</b>	<b>–</b>

### VAT on Importation of Goods

The Company has no importations for the years ended December 31, 2024 and 2023.

### Excise Taxes

The Company has no excise taxes paid or accrued for the years ended December 31, 2024 and 2023.

### Documentary Stamp Tax

The Company paid documentary stamp tax amounting to ₱9,597 on insurance agreements and ₱465,755 on purchase of property in 2024 and 2023, respectively.

## Taxes and Licenses

An analysis on the Company's taxes and licenses and permit fees paid or accrued, which are presented as part of administrative expenses, is as follows:

	2024	2023
<b>National taxes:</b>		
Registration fee	–	1,500
Documentary stamp tax	9,597	465,755
Others	101,767	2,017,086
<b>Local taxes:</b>		
Licenses and permit fees	6,688,773	6,084,769
Community tax	25,930	10,000
Others	69,288	2,740
	<b>6,895,355</b>	<b>8,581,850</b>

## Withholding Taxes

An analysis on the Company's withholding taxes paid or accrued is as follows:

2024	Paid	Accrued	Total
Expanded withholding taxes	22,882,706	2,670,351	25,553,057
Withholding taxes on compensation	5,260,343	451,567	5,711,910
	<b>28,143,049</b>	<b>3,121,918</b>	<b>31,264,967</b>
2023	Paid	Accrued	Total
Expanded withholding taxes	25,703,299	2,035,578	27,738,877
Withholding taxes on compensation	7,049,123	336,638	7,385,761
	<b>32,752,422</b>	<b>2,372,216</b>	<b>35,124,638</b>

## Tax Assessments

The Company has a Letter of Authority (LOA) issued by the BIR under LOA No. eLA202300016313 dated April 24, 2024, to which the authorized personnel from the assessment division will examine the Company's books of accounts and other accounting records for VAT for the period July 1, 2023 to December 31, 2023. The Company submitted the requested records and documents on May 17, 2024. Subsequently, the Company received a Preliminary Assessment Notice (PAN) dated May 23, 2025. The Company is currently in the process of evaluating the PAN and preparing its official response to the BIR.

The Company has another pending LOA from the BIR under LOA No. eLA202300040146 dated August 16, 2024, to which the authorized personnel from the assessment division will examine the Company's books of accounts and other accounting records for VAT for the period January 1, 2024 to June 30, 2024. On September 12, 2024, the Company submitted the requested records and documents to the BIR. Later on, the Company received a Notice of Discrepancy dated April 11, 2025, which was received by the Company on April 14, 2025. The Company submitted its reply to the Notice of Discrepancy on April 22, 2025, to which the BIR has yet to respond.

In addition, BIR submitted a report of investigation on the Company's internal revenue taxes except VAT for the period January 1, 2024 to December 31, 2024. This is pursuant to LOA No. eLA202400076067 dated May 21, 2025. As of December 31, 2024, the Company is yet to submit the requested records and documents to the BIR.

## Tax Cases

The Company has no outstanding tax cases in any other court or bodies outside of the BIR as of December 31, 2024 and 2023.

**EASTWEST HEALTHCARE, INC. (Formerly Eastwest Business Solutions, Inc.)**  
**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION**  
**DECEMBER 31, 2024 and 2023**  
**In Philippine Peso**

	2024	2023
<b>Total audit fees</b>	<b>550,000</b>	550,000
<b>Non-audit services fees:</b>		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
<b>Total non-audit fees</b>	–	–
<b>Total audit and non-audit fees</b>	<b>550,000</b>	550,000
Audit and non-audit fees of other related entities		
	2024	2023
<b>Total audit fees</b>	–	–
<b>Non-audit services fees:</b>		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
<b>Total non-audit fees</b>	–	–
<b>Total audit fees and non-audit fees of other related entities</b>	–	–

The amounts disclosed are exclusive of out-of-pocket expenses.

**REPORT OF INDEPENDENT AUDITOR  
TO ACCOMPANY SUPPLEMENTARY INFORMATION  
FOR FILING WITH THE INSURANCE COMMISSION**

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The Board of Directors and Stockholders  
**EASTWEST HEALTHCARE, INC.**  
(Formerly Eastwest Business Solutions, Inc.)  
6th Floor Makati Executive Center,  
114 Leviste St. Salcedo Village, Makati City

We have audited in accordance with the Philippine Standard on Auditing the financial statements of **EASTWEST HEALTHCARE, INC.** (Formerly Eastwest Business Solutions, Inc.) as at and for years ended December 31, 2024 and 2023, on which we have rendered our report dated June 27, 2025.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in the "Annex" is the responsibility of the Company's management.

The supplementary information is presented for purposes of complying with the Insurance Commission Circular Letter No. 2025-11 and is not a required part of the Company's basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the Company's basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**ALAS, OPLAS & CO., CPAs**

BOA Registration No. 0190, valid from February 19, 2025, to February 18, 2028  
BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027  
IC A.N. (Firm) 0190-IC, Group A, issued on November 2, 2021, valid for 2021 to 2025 audit period  
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period  
TIN 002-013-406-000

By:

**RYAN A. SABUG**

Partner  
CPA License No. 0111183  
BOA Registration No. 0190/P-004, valid from February 19, 2025, to February 18, 2028  
BIR A.N. 08-001026-004-2023, issued on February 9, 2023; effective until February 8, 2026  
IC A.N. (Individual) 111183-IC, Group A, issued on November 2, 2021; valid for 2021 to 2025 audit period  
SEC A.N. (Individual) 111183-SEC, Group A, issued on February 4, 2021; valid for 2020 to 2024 audit period  
TIN 232-158-286-000  
PTR No. 10466283, issued on January 2, 2025, Makati City

June 27, 2025  
Makati City, Philippines

**ITEMS TO BE REPORTED IN THE SUPPLEMENTARY REPORT BY THE HEALTH MAINTENANCE ORGANIZATIONS**

In compliance with the requirements set forth by IC Circular Letter No. 2025-11, hereunder is the information on the Company's compliance with the prudential financial requirements prescribed by the Insurance Commission:

**A. Paid-Up Capital**

Paid-up capital per Company	₱	75,001,000
Required minimum paid-up capital		10,000,000
<b>Excess (Deficiency) in the Paid-up Capital</b>	<b>₱</b>	<b>65,001,000</b>

**B. Security Deposit\***

Minimum Required Security Deposit (25% of actual paid-up capital or Php5,000,000.00, whichever is higher)	₱	18,750,250
Less: Actual Security Deposit		15,000,000
<b>Excess (Deficiency)</b>	<b>₱</b>	<b>(3,750,250)</b>

\*As of year-end, the Company maintained a security deposit of ₱15,000,000. Upon its maturity in March 2025, the Company placed a new deposit of ₱20,000,000 to comply with the regulatory requirement.

**C. Net Worth**

Total Assets	₱	562,444,953
Total Liabilities		436,973,966
<b>Total Stockholders' Equity/Net Worth</b>	<b>₱</b>	<b>125,470,987</b>
Actual Paid-up Capital		75,001,000
<b>Excess (Deficiency) in Net Worth</b>	<b>₱</b>	<b>50,469,987</b>

**D. Risk-Based Capitalization**

Actual Gross Membership Fee	₱	936,751,282
Maximum Risk on Membership Fee (Net worth x applicable factor or "No Limit")		1,254,709,870
<b>Over Exposure</b>	<b>₱</b>	<b>-</b>

**E. Liquidity\*\***

Quick Assets	₱	405,397,095	=	<b><u>0.95</u></b>
Current Liabilities	₱	424,508,237		

\*\*As of December 31, 2024, the Company's acid test ratio was 0.95. In April 2025, the Company made a cash infusion to comply with the liquidity requirements under IC CL No. 2025-11, which mandates a minimum acid test ratio of 1.0 based on the Company's tier.