



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City  
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**The following document has been received:**

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## Company Information

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**SEC Registration No.:** CS201200281

**Company Name:** MEDICARE PLUS, INC.

**Industry Classification:** L75120

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST10902202583682157

**Document Type:** Financial Statement

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**Period Covered:** December 31, 2024

**Submission Type:** Annual

**Remarks:** None

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Acceptance of this document is subject to review of forms and contents

## AUDITED FINANCIAL STATEMENTS

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**CRMD**

N/A

## COMPANY INFORMATION

arvinmaceda@medicareplus.com.ph	(02) 8658 3079	09088158780
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11	Any day before June 30	December 31
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## CONTACT PERSON INFORMATION

<b>Name of Contact Person</b>	<b>Email Address</b>	<b>Telephone Number</b>	<b>Mobile Number</b>
Maria Jesusa Viray	jayjay@medicareplus.com.ph	N/A	09499945610

CONTACT PERSON'S ADDRESS	
NAME	ADDRESS
TELEPHONE	CITY
TELETYPE	STATE
TELEFAX	ZIP
TELEFAX	TELEFAX

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

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**



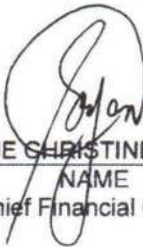
The management of **Medicare Plus, Inc. (the "Company")** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

The Board of Directors review and approve the financial statements including the schedules attached therein and submits the same to the partners or members.

Roxas Tabamo & Co. the independent auditor 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 members, has expressed its opinion on the fairness of presentation upon completion of such audit.


  
\_\_\_\_\_  
MARIA JESUSA VIRAY  
NAME  
Chairman of the Board  
\_\_\_\_\_  
MARIA JESUSA VIRAY  
NAME  
Chief Executive Officer  
\_\_\_\_\_  
JANE CHRISTINE SOCO  
NAME  
Chief Financial Officer

Signed this 15th day of July, 2025









Republic of the Philippines  
Department of Finance  
Bureau of Internal RevenueFor BIR  
Use Only:BCS/  
Item:

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 1		<b>Annual Income Tax Return</b> For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.		 1702-RT 01/18ENCS P1	
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal		3 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No		4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	
2 Year Ended (MM/20YY) 12/2024				5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) <input type="checkbox"/> IC010 <input checked="" type="checkbox"/>	
<b>Part I - Background Information</b>					
6 Taxpayer Identification Number (TIN) 008 - 192 - 135 - 000		7 RDO Code 043			
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) MEDICARE PLUS, INC.					
9A Registered Address (Indicate complete registered address) 34TH & 36TH FLOOR ORIENT SQUARE BLDG. F. ORTIGAS JR ROAD ORTIGAS CENTER SAN ANTONIO PASIG CITY					
9B Zipcode 1600					
10 Date of Incorporation/Organization (MM/DD/YYYY)					
11 Contact Number			12 Email Address		
NO VALUE FROM SOURCE			tjimenez@medicareplus.com.ph		
13 Method of Deductions <input type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]					
<b>Part II - Total Tax Payable</b> (Do NOT enter Centavos)					
14 Total Income Tax Due (Overpayment) (From Part IV Item 43)				1,292,718	
15 Less: Total Tax Credits/Payments (From Part IV Item 55)				745,961	
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)				546,757	
<b>Add Penalties</b>					
17 Surcharge				0	
18 Interest				0	
19 Compromise				0	
20 Total Penalties (Sum of Items 17 to 19)				0	
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20)				546,757	
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable) <input type="radio"/> To be refunded <input checked="" type="radio"/> To be issued a Tax Credit Certificate (TCC) <input type="radio"/> To be carried over as tax credit next year/quarter					
We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)					
Signature over printed name of President/Principal Officer/Authorized Representative JANE CHRISTINE VICO				Signature over printed name of Treasurer/Assistant Treasurer JANE CHRISTINE VICO	
22 Number of Attachments				4	
Title of Signatory		TIN		Title of Signatory	
<b>Part III - Details of Payment</b>					
Particulars		Drawee Bank/Agency		Amount	
23 Cash/Bank Debit Memo				0	
24 Check				0	
25 Tax Debit Memo				0	
26 Others (Specify Below)				0	
Machine Validation/Revenue Official Receipts Details (If not filed with an Authorized Agent Bank)				Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial) 28 AUG 2025 2 EXTRA FS	


OKAY TO RECEIVE:  
Yes ☒ No ☐  
Name and Signature: ROSE ANN R. DALANON  
of Investigating Officer  
Date: 8/26/2025



BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 2	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P2
<b>Taxpayer Identification Number (TIN)</b> 008 - 192 - 135 - 000		<b>Registered Name</b> MEDICARE PLUS, INC.
<b>Part IV - Computation of Tax</b> (Do NOT enter Centavos)		
27 Sales/Receipts/Revenues/Fees		123,025,279
28 Less: Sales Returns, Allowances and Discounts		0
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)		123,025,279
30 Less: Cost of Sales/Services		61,828,029
31 Gross Income from Operation (Item 29 Less Item 30)		61,197,250
32 Add: Other Taxable Income Not Subjected to Final Tax		3,438,640
33 Total Taxable Income (Sum of Items 31 and 32)		64,635,890
Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	83,306,553	
35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)	0	
36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)	0	
37 Total Deductions (Sum of Items 34 to 36)	83,306,553	
OR [in case taxable under Sec 27(A) & 28(A)(1)]		
38 Optional Standard Deduction (40% of Item 33)	0	
39 Net Taxable Income(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)		(18,670,663)
40 Applicable Income Tax Rate		25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)		0
42 MCIT Due (2% of Item 33)		1,292,718
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)		1,292,718
Less: Tax Credits/Payments (attach proof)		
44 Prior Year's Excess Credits Other Than MCIT		158,316
45 Income Tax Payment under MCIT from Previous Quarter/s		0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s		0
47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)		0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307		260,613
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter		327,032
50 Foreign Tax Credits, if applicable		0
51 Tax Paid in Return Previously Filed, if this is an Amended Return		0
52 Special Tax Credits (To Part V Item 58)		0
Other Credits/Payments (Specify)		
53		0
54		0
55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)		745,961
56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)		546,757
<b>Part V - Tax Relief Availment</b>		
57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)		0
58 Add: Special Tax Credits (From Part IV Item 52)		0
59 Total Tax Relief Availment (Sum of Items 57 and 58)		0

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 3	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P3
<b>Taxpayer Identification Number (TIN)</b> 008 - 192 - 135 - 000		<b>Registered Name</b> MEDICARE PLUS, INC.
<b>Schedule I - Ordinary Allowable Itemized Deductions (Attach additional sheet/s, if necessary)</b>		
1 Amortizations		8,654,022
2 Bad Debts		0
3 Charitable Contributions		0
4 Depletion		0
5 Depreciation		3,311,578
6 Entertainment, Amusement and Recreation		1,230,253
7 Fringe Benefits		0
8 Interest		5,814,824
9 Losses		0
10 Pension Trust		0
11 Rental		990,651
12 Research and Development		0
13 Salaries, Wages and Allowances		27,387,359
14 SSS, GSIS, Philhealth, HDMF and Other Contributions		3,232,267
15 Taxes and Licenses		1,695,803
16 Transportation and Travel		3,077,323
17 Others (Deductions Subject to Withholding Tax and Other Expenses) [Specify below; Add additional sheet(s), if necessary]		
a Janitorial and Messengerial Services		0
b Professional Fees		0
c Security Services		0
d 13TH MONTH PAY		2,919,538
e TRAINING AND DEVELOPMENT		778,858
f POWER, LIGHTS AND WATER		1,121,564
g TELECOMMUNICATION AND POSTAGE		862,766
h SERVICE FEES AND RETAINERS FEES		1,663,090
i OTHERS		20,366,657
		
1.1 LEGAL FEES		2,483,927
1.2 AUDITOR'S FEES		99,401
1.3 ACTUARIAL'S FEES		480,841
1.4 OFFICE SUPPLIES		547,785
1.5 REPAIR AND MAINTENANCE		595,318
1.6 DUES AND SUBSCRIPTION		2,480,197
1.7 MISCELLANEOUS, RENTAL, ASSOCIATION DUES		5,715,392
1.8 BANK CHARGES		3,273,466
1.9 INTEREST EXPENSE ON LEASE LIABILITY		4,730,330
<b>18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17) (To Part IV Item 34)</b>		<b>83,306,553</b>
<b>Schedule II - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)</b>		
Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
		
<b>5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 35)</b>		<b>0</b>



BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 4	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P4
<b>Taxpayer Identification Number (TIN)</b> 008 - 192 - 135 - 000		<b>Registered Name</b> MEDICARE PLUS, INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)	
1 Gross Income (From Part IV Item 33)	64,635,890
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	83,306,553
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	(18,670,663)

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)		
Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4 2024	18,670,663	0
5 2023	2,793,138	0
6 2022	2,359,274	0
7 2021	0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) (E = A Less (B + C + D))
4 0	0	18,670,663
5 0	0	2,793,138
6 0	0	2,359,274
7 0	0	0
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)	0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)			
Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	0	0	0
2	0	0	0
3	0	0	0

Continuation of Schedule IV (Item numbers continue from table above)

D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s (G = C Less (D + E + F))
1 0	0	0	0
2 0	0	0	0
3 0	0	0	0
Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47)		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)	
1 Net Income/(Loss) per books	(18,670,663)
Add: Non-deductible Expenses/Taxable Other Income	
2	0
3	0
4 Total (Sum of Items 1 to 3)	(18,670,663)
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	0
6	0
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	0
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	(18,670,663)





**MOORE** Roxas Tabamo & Co.

Roxas Tabamo & Co.

2nd Floor Multinational Bancorporation Centre,  
6805 Ayala Avenue, Makati City 1226 Philippines

T: +632 8844 2016

E: [info@roxastabamo.com](mailto:info@roxastabamo.com)

[roxastabamo.com](http://roxastabamo.com)

## INDEPENDENT AUDITOR'S REPORT TO ACCOMPANY INCOME TAX RETURN

The Shareholders and the Board of Directors

**Medicare Plus, Inc.**

4F2 8101 Pearl Plaza, Pearl Drive

Ortigas Center, Pasig City

We have audited the separate financial statements of **Medicare Plus, Inc.** (the "Company") for the year ended December 31, 2024, on which we have rendered the attached report dated July 15, 2025.

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

**ROXAS TABAMO & CO.**

*Clark Joseph Babor*

**Clark Joseph C. Babor**

Partner

CPA Certificate No. 0119212

Tax Identification No. 248-709-974-000

SEC Accreditation No. 119212-SEC, Group B, issued on March 21, 2023  
effective until March 21, 2026

BIR Accreditation No. 08-001682-019-2022, issued on October 14, 2022,  
effective until October 13, 2025

IC Accreditation No. 119212-IC, issued on December 17, 2021,  
effective until December 16, 2025

PTR No. 10487045, issued on January 16, 2025, Makati City

July 15, 2025

Makati City



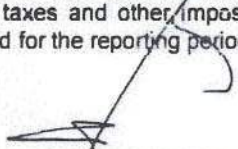
BOA 0005, valid until December 27, 2026

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

The Management of **MEDICARE PLUS 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 year ended December 31, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and record of **MEDICARE PLUS 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 figure 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 requirement of Revenue Regulation No. 8-2007 and other relevant issuances;
- c) The **MEDICARE PLUS 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.


Signature: \_\_\_\_\_

  
**MARIA JESUSA B. VIRAY**  
Chairman of the Board

Signature: \_\_\_\_\_

  
**MARIA JESUSA B. VIRAY**  
Chief Executive Officer

Signature: \_\_\_\_\_

  
**JANE CHRISTINE SOCO**  
TreasurerSigned this 15th day of July, 2025:



**INDEPENDENT AUDITOR'S REPORT**

The Shareholders and the Board of Directors  
**Medicare Plus, Inc.**  
4F2 8101 Pearl Plaza, Pearl Drive  
Ortigas Center, Pasig City

**Report on the Audit of the Separate Financial Statements***Opinion*

We have audited the separate financial statements of **Medicare Plus, Inc.** (the "Company"), which comprise the separate statements of financial position as at December 31, 2024 and 2023, and the separate statements of comprehensive loss, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including a summary of material accounting policy information.

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

*Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the separate 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 Separate Financial Statements*

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

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

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



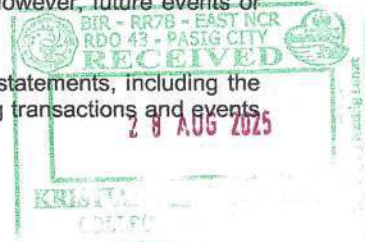


*Auditor's Responsibilities for the Audit of the Separate Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



<b>OKAY TO RECEIVE:</b>	
Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Name and Signature: <i>[Signature]</i>	
of Investigating Officer: ROSE ANN R. DALANON	
Date:	Revenue Officer





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

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information as disclosed in Note 32 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**ROXAS TABAMO & CO.**

*Clark Joseph Babor*  
**Clark Joseph C. Babor**

Partner

CPA Certificate No. 0119212

Tax Identification No. 248-709-974-000

SEC Accreditation No. 119212-SEC, Group B, issued on March 21, 2023  
effective until March 21, 2026

BIR Accreditation No. 08-001682-019-2022, issued on October 14, 2022,  
effective until October 13, 2025

IC Accreditation No. 119212-IC, issued on December 17, 2021,  
effective until December 16, 2025

PTR No. 10487045, issued on January 16, 2025, Makati City

July 15, 2025  
Makati City



**MEDICARE PLUS, INC.**

**SEPARATE STATEMENTS OF FINANCIAL POSITION**  
DECEMBER 31, 2024 AND 2023

	Note	2024	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	5	P4,975,393	P4,236,300
Trade and other receivables	6	76,826,306	37,472,215
Short-term investment	7	13,048,000	12,805,000
Due from related party	8	52,631,646	33,696,683
Other current assets	9	10,337,420	11,826,495
<b>Total Current Assets</b>		<b>157,818,765</b>	<b>100,036,693</b>
<b>Noncurrent Assets</b>			
Property and equipment, net	10	9,772,196	10,787,645
Right-of-use assets	11	58,975,077	71,751,023
Investment in subsidiary	12	4,999,993	4,999,993
Deferred tax assets	28	10,975,582	4,904,060
Other noncurrent assets	13	3,753,758	5,643,982
<b>Total Noncurrent Assets</b>		<b>88,476,606</b>	<b>98,086,703</b>
		<b>P246,295,371</b>	<b>P198,123,396</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Claim reserves	14	P45,231,091	P24,334,426
Aggregate reserves	15	21,178,870	-
Note payable	16	17,891,667	3,000,000
Accrued liabilities and other payables	17	48,436,289	7,987,301
Lease liabilities	11	11,570,695	10,253,982
Income tax payable	28	546,757	-
<b>Total Current Liabilities</b>		<b>144,855,369</b>	<b>45,575,709</b>
<b>Noncurrent Liabilities</b>			
Fidelity fund	18	-	1,627,075
Retirement benefits obligation	19	2,265,454	1,517,282
Lease liability, net of current portion	11	52,708,919	62,679,654
<b>Total Noncurrent Liabilities</b>		<b>54,974,373</b>	<b>65,824,011</b>
		<b>199,829,742</b>	<b>111,399,720</b>
<b>Equity</b>			
Share capital	20	50,000,000	50,000,000
Additional paid-in capital	20	19,089,366	19,089,366
Deposit for future subscription	20	70,000,000	70,000,000
Deficit		(92,886,480)	(52,365,690)
Accumulated remeasurement gain	19	262,743	-
<b>Total Equity</b>		<b>46,465,629</b>	<b>86,723,676</b>
		<b>P246,295,371</b>	<b>P198,123,396</b>

See Notes to the Separate Financial Statements.

**OKAY TO RECEIVE:**

Yes ☒ No ☐

Name and Signature: ROSE ANN DALANON

of Investigating Officer

Date: 10/15/2025



**MEDICARE PLUS, INC.**

**SEPARATE STATEMENTS OF COMPREHENSIVE LOSS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	Note	2024	2023
REVENUES FROM RENDERING OF SERVICES	21	₱103,910,049	₱73,747,409
COST OF RENDERING SERVICES	22	(62,131,303)	(27,855,415)
GROSS PROFIT		41,778,746	45,891,994
OTHER INCOME, NET	23	4,028,246	30,296
OPERATING EXPENSES	24	(80,414,032)	(50,540,285)
FINANCE COST	25	(10,692,555)	(2,253,903)
LOSS BEFORE TAX		(45,299,595)	(6,871,898)
INCOME TAX BENEFIT			
Current	28	(1,292,718)	(692,221)
Deferred	28	6,071,523	2,414,823
		4,778,805	1,722,602
LOSS FOR THE YEAR		(40,520,790)	(5,149,296)
OTHER COMPREHENSIVE INCOME	19	262,743	-
TOTAL COMPREHENSIVE LOSS		(₱40,258,047)	(₱5,149,296)

See Notes to the Separate Financial Statements.



OKAY TO RECEIVE: ROSE ANN R. DALANON  
Yes ☒ No ☐ Revenue Officer  
Name and Signature: \_\_\_\_\_  
of Investigating Officer: \_\_\_\_\_  
Date: 08/08/25

**MEDICARE PLUS, INC.**

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

	Share Capital (Note 20)	Additional Paid-in Capital (Note 20)	Deposit for future subscription (Note 20)	Deficit	Remeasurement gain on accrued retirement benefit cost (Note 19)	Total
<b>As at January 1, 2024</b>	<b>P50,000,000</b>	<b>P19,089,366</b>	<b>P70,000,000</b>	<b>(P52,365,690)</b>	<b>P-</b>	<b>P86,723,676</b>
Loss for the year	-	-	-	(40,520,790)	-	(40,520,790)
Other comprehensive income	-	-	-	-	262,743	262,743
<b>As at December 31, 2024</b>	<b>P50,000,000</b>	<b>P19,089,366</b>	<b>P70,000,000</b>	<b>(P92,886,480)</b>	<b>P262,743</b>	<b>P46,465,629</b>
As at January 1, 2023	P50,000,000	P19,089,366	P-	(P35,328,462)	P-	P33,760,904
Prior period adjustment (Note 28)	-	-	-	(11,887,932)	-	(11,887,932)
Deposit for future subscription	-	-	70,000,000	-	-	70,000,000
Loss for the year	-	-	-	(5,149,296)	-	(5,149,296)
<b>As at December 31, 2023</b>	<b>P50,000,000</b>	<b>P19,089,366</b>	<b>P70,000,000</b>	<b>(P52,365,690)</b>	<b>P-</b>	<b>P86,723,676</b>

See Notes to the Separate Financial Statements.

## MEDICARE PLUS, INC.

### SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(P45,299,595)	(P6,871,898)
Adjustments for:			
Amortization	11	12,775,946	6,260,459
Finance cost	25	10,692,555	2,253,903
Provision for ECL	6	4,473,316	2,162,035
Depreciation	10	3,311,578	2,805,942
Retirement expense	19	1,010,915	752,620
Interest income	5,7	(589,608)	(24,677)
Prior period adjustment	28	-	(11,887,932)
Operating loss before working capital changes		(13,624,893)	(4,549,549)
Decrease (increase) in:			
Trade and other receivables		(43,827,408)	(23,442,831)
Short-term investment		(243,000)	(10,796,102)
Due from related party		(18,934,963)	(33,696,683)
Other current assets		1,489,076	296,219
Other noncurrent assets		1,890,226	934,475
Increase in:			
Claim reserves		42,075,534	13,740,456
Accrued liabilities and other payables		38,821,913	3,291,495
Cash generated from (used for) operations		7,646,485	(54,222,520)
Interest received	5,7	589,608	24,677
Income taxes paid	28	(745,961)	(692,221)
Net cash provided by (used in) operating activities		7,490,132	(54,890,064)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment	10	(2,296,129)	(3,312,833)
Acquisition of investment in subsidiary	12	-	(4,999,993)
Net cash used in investing activities		(2,296,129)	(8,312,826)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Availments of notes payable	16	17,500,000	3,000,000
Payments of notes payable	16	(2,608,333)	-
Deposit for future subscription	20	-	70,000,000
Payment of finance costs	25	(5,962,225)	(80,000)
Payments of lease liabilities	11	(13,384,352)	(7,251,749)
Net cash provided by (used in) financing activities		(4,454,910)	65,668,251
<b>NET INCREASE IN CASH</b>		<b>739,093</b>	<b>2,465,361</b>
<b>CASH AT JANUARY 1</b>		<b>4,236,300</b>	<b>1,770,939</b>
<b>CASH AT DECEMBER 31</b>	<b>5</b>	<b>P4,975,393</b>	<b>P4,236,300</b>

See Notes to the Separate Financial Statements.



**Fwd: BIR Email Notification (ePayment)**

From: JANE T. JIMENEZ &lt;jtjimenez@medicareplus.com.ph&gt;

Sent: Wed, Aug 27, 2025 at 9:13 am

To: bir@medicareplusinc.com

## ----- Forwarded Message -----

Subject: BIR Email Notification (ePayment)

Date: Tue, 26 Aug 2025 06:18:37 -0400

From: no-reply@bir.gov.ph

To: jtjimenez@medicareplus.com.ph

Good Day MEDICARE PLUS, INC.,

Thank you for filing and paying your tax liabilities through eFPS. This email notification indicates that:

A. For Mode of Payment Using Bank Transfer, your Tax Payment Instruction (see below, eFPS Payment Summary) had been forwarded to the BIR-Authorized Agent Bank (BIR-AAB) for processing. Please note that the said eFPS Payment Summary does not reflect the completion of your tax payment transaction yet.

B. For Mode of Payment Using Tax Debit Memo (TDM) or Tax Remittance Advice (TRA), your Tax Payment has been acknowledged.

You may receive several of this email notification with the same Filing Reference Number depending on the number of Tax Payment Instruction you have submitted. To ensure that the tax payment/s were processed, please inquire your eReturn's Payment Details thru the eFPS *Tax Return Inquiry*.

Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof. Please make sure that any amount payable is successfully paid on time.

From,

Bureau of Internal Revenue

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

**eFPS PAYMENT SUMMARY**

<b>TIN</b>	: 008-192-135-000
<b>Name</b>	: MEDICARE PLUS, INC.
<b>RDO</b>	: 043
<b>Bank</b>	: 026000
<b>Filing Reference No.</b>	: <b>462500067787729</b>
<b>Payment Transaction No.</b>	: <b>251131820</b>
<b>Actual Amount Paid / (Over Remittance)</b>	: 546757.00
<b>TDM Amount</b>	: 0.00
<b>TRA Amount</b>	: 0.00

\*\*\*PLEASE DO NOT REPLY TO THIS E-MAIL\*\*\*

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## MEDICARE PLUS, INC.

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### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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#### 1. Reporting Entity

**Medicare Plus, Inc.** (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 10, 2012. The Company is engaged primarily in providing health service as a health maintenance organization.

The Company has been registered with the Insurance Commission (IC) and duly authorized to act as a Health Maintenance Organization with principal office address at 4F2 8101 Pearl Plaza, Pearl Drive, Ortigas Center, Pasig City.

The Company owns 99.99% of a subsidiary, named PharmaCare Plus, Inc. PharmaCare Plus, Inc. is engaged primarily in retail of drugs, pharmacy, diagnostic clinics, and primary care clinics.

The Insurance Commission (IC) in its issued Circular Letter 2016-41, *Minimum Capitalization and Financial Capacity Requirements for HMOs*, requiring that HMOs must have a net worth not less than its paid-up capital. The Company has been registered to IC under License No. HMO-2023-21-R valid until December 31, 2025. In 2022, the Company infused ₱30,000,000 to its share capital resulting to a total of ₱50,000,000 in share capital. The Company's net worth as of December 31, 2024 and 2023 amounted to ₱46,465,629 (including the deposit for future stock subscription of ₱70,000,000 as discussed in Note 20) and ₱86,723,676, respectively.

#### Approval of the separate financial statements

The accompanying separate financial statements of the Company as at and for the years ended December 31, 2024 and 2023 were approved and authorized for issuance by the Company's Board of Directors (BOD) on July 15, 2025.

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#### 2. Basis of Preparation

##### Statement of Compliance

The accompanying separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

##### Historical Cost Convention

The separate financial statements of the Company have been prepared on the historical cost basis.

The Company also prepares, and issues consolidated financial statements for the same period in which it consolidates its investments in subsidiary. Such consolidated financial statements provide information about the economic activities of the Company and its subsidiary.

##### Functional and Presentation Currency

The separate financial statements are presented in Philippine Peso, which is the functional currency of the Company. All values are rounded off to the nearest peso (₱), except when otherwise indicated.



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### 3. Material Accounting Policy Information

The material accounting policy information that have been used in the preparation of the separate financial statements are set below.

#### Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 7 and PFRS 7, *Supplier Financing Arrangements*. The amendments will have no impact on the amounts recognized in the financial statements but will require additional disclosures to be provided around the Company's use of supplier financing arrangements.
- Amendments to PFRS 16, *Leases – Lease Liability in a Sale and Leaseback*. The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments require seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

#### New and Amended PFRS Issued but Not Yet Effective

Relevant amended PFRS which are not yet effective for the year ended December 31, 2024 and have not been applied in preparing the separate financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*. The amendments clarify the requirements relating to (a) timing of derecognition of liabilities when they are settled using an electronic payments system and (b) how to assess contractual cash flow characteristics of financial assets, including those with environment, social and governance (ESG)-linked features. It also amends the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and cost.

While the amendment is applied retrospectively, the comparative period is not restated for this amendment.

- Annual Improvements to PFRS Accounting Standards – Volume 11
  - Amendments to PFRS 7, *Financial Statements – Disclosures*. The amendment addressed a potential confusion in paragraph B38 of PFRS 7 which requires entities to disclose the gain or loss on derecognition of financial assets where a fair value measurement involves unobservable inputs. The confusion arose from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13, Fair Value Measurement was issued. The implementation guidance accompanying PFRS 7 clarifies the disclosures of deferred differences between fair values and transaction prices and, credit risk.
  - Amendments to PFRS 9, *Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price*. The amendment clarifies the application of the requirements in PFRS 9 to account for an extinguishment of a lessee' lease liability. It also clarifies the definition of 'transaction price', addressing potential confusion arising from a reference in Appendix A to PFRS 9 to the definition in PFRS 15, Revenue from Contracts with Customers.
  - Amendments to PAS 7, *Statement of Cash Flows – Cost Method*. The amendment addressed a potential confusion of applying paragraph 37 of PAS 7 that arises from the use of the term 'cost method' that is no longer defined in PFRS Accounting Standards.

These amendments are applied retrospectively with the comparative period restated, except for the amendments relating to derecognition of lease liabilities in PFRS 9, which only applies to lease derecognized on or after the amendment is adopted.

Effective for annual periods beginning on or after January 1, 2027:

- **PFRS 18, *Presentation and Disclosures of Financial Statements*.** This standard will replace PAS 1, *Presentation of Financial Statements*. It requires the statement of profit or loss to be broken down into three subsections, operating, investing and financing, similar to the layout of the cash flow statement. It also requires management performance measures that are used by a company in other communications to be included in a note to the financial statements including a reconciliation to the nearest PFRS equivalent measure. The standard provides additional guidance on the aggregation and disaggregation of information on the face of financial statements and the notes to provide a useful structured summary of the reporting entity's assets, liabilities, equity, income, and expenses that are useful to users in assessing the prospects for future net cash inflows to the entity and in assessing management's stewardship of the entity's economic resources.

PFRS 18 is applied retrospectively with the comparative period restated.

- **PFRS 19, *Subsidiaries without Public Accountability*.** The standard specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other PFRS Accounting Standards. It requires companies who meet the specific criteria to apply the recognition and measurement of other standards.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company.

#### Current versus Noncurrent Classification

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

An asset is current when it is:

- (a) expected to be realized or intended to be sold or consumed in the normal operating cycle;
- (b) held primarily for the purpose of trading;
- (c) expected to be realized within 12 months after the reporting period; or
- (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is:

- (a) expected to be settled in the normal operating cycle;
- (b) held primarily for trading;
- (c) due to be settled within 12 months after the reporting period; or
- (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other assets and liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent.

#### Financial Assets and Liabilities

**Date of Recognition.** The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

**Initial Recognition and Measurement.** Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

**"Day 1" Difference.** Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

**Classification.** The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

**Financial Assets and Liabilities at FVPL.** Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at December 31, 2024 and 2023, the Company does not have financial assets and liabilities at FVPL.

**Financial Assets at Amortized Cost.** Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2024 and 2023, the Company's cash, trade and other receivables, short-term investment and due to related party are included under this category (see Notes 5, 6, 7 and 8).

**Financial Liabilities at Amortized Cost.** Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.



These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2024 and 2023, the Company's liabilities arising from its note payable, accrued liabilities and other payables, excluding statutory liabilities, and lease liabilities, are included under this category (see Notes 16, 17 and 11).

#### ***Derecognition of Financial Assets and Liabilities***

**Financial Assets.** A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) 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 right to receive cash flows from a financial asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

**Financial Liabilities.** A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

**Offsetting of Financial Assets and Liabilities.** Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

#### ***Classification of Financial Instrument between Liability and Equity***

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

#### Cash

Cash includes cash on hand and in banks which are stated at amortized cost that are unrestricted and available for current operations.

#### Short-term investment

Short-term investments are recognized when the Company acquires financial instruments with the intention of selling or redeeming them within one year or the Company's operating cycle, whichever is longer. Short-term investments are initially recorded at fair value, plus any directly attributable transaction costs (except for FVTPL investments, which are recorded at fair value only).

#### Other Current Assets

Other current assets include items that are expected to be realized, consumed, or settled within twelve (12) months after the reporting date in the normal course of operations.

#### Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its construction cost or purchase price, including import duties, taxes, and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance, and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Depreciation, which commences when the assets are available for their intended use, is computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Computer equipment	5
Furniture and fixtures	5
Office equipment	5
Leasehold improvement	5
Transportation equipment	5
Medical and other equipment	5

The remaining useful lives, residual values and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statements of comprehensive income in the period of retirement and disposal.

#### Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset. The Company when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Company has the right to direct the use of the asset of either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

#### *The 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 right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the estimated useful life of the asset or the lease term.

In addition, the right-of-use is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments option renewal period if the Company is reasonably to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. It is remeasured when there is a change in future lease payments or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

*Short-term leases and leases of low-value assets.* The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### Investment in Subsidiary

The Company's investment in shares of stock of subsidiary is accounted for under the cost method as provided for under PAS 27, *Separate Financial Statements*. The investment is carried in the statements of financial position at cost less any impairment in value. The Company recognizes dividend from a subsidiary in the statements of comprehensive income when its right to receive the dividend is established.

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.



The financial statements of the investee are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

#### Impairment of Non-financial Assets

The carrying amounts of investments, property and equipment, right-of-use of assets and investment property are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 are recognized in the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

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

#### Claim Reserves

Claim reserves represent the sum of the individual claims on healthcare agreement that are due and have already been approved for payment but, for one reason or another, have not actually been paid. This includes check already issued to beneficiaries but not yet released as of the end of the financial reporting period.

#### Aggregate Reserves

Aggregate reserves pertain to the Company's liabilities to cover future policy obligations, claims, or benefits under insurance contracts or healthcare plans. These reserves are determined based on actuarial valuations performed in accordance with applicable regulations and professional standards.

#### Note Payable

Note payable represents to written promises to pay a specific amount of money, usually with interest, either on a specified date or on demand. These are initially recognized at fair value, net of directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method unless they are designated at fair value through profit or loss.

#### Fidelity Fund

Fidelity Fund pertains to sum of amount allocated to the agent's certain percentage of commissions. This amount is considered restricted.

#### Fair Value Measurements

The Company measures a number of financial and non-financial assets and liabilities at fair value at each reporting 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: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

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

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 prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

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.

#### Provisions

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

#### Equity

##### *Capital Stocks*

Capital stocks are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

The costs of acquiring the Company's own shares, if any, are shown as a deduction from equity attributable to the Company's equity holders until the shares are canceled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

The minimum capitalization requirements for all new and existing HMOs are as follows:

- All existing domestic HMOs must have a minimum paid-up capital of at least ₱10,000,000.
- No new HMO shall, in a stock corporation, engage in the business of HMO in the Philippines unless it has a paid-up capital of at least ₱100,000,000.

##### *Risk-Based Capitalization*

The Company should comply with the risk-based capitalization wherein the maximum risk on membership fees shall be determined through the following:

Share Capital	Max. Gross Membership Fees
Up to 50M	5 times of share capital
More than 50M up to 75M	10 times of share capital
More than 75M up to 200M	15 times of share capital
More than 200M up to 300M	25 times of share capital
More than 300M up to 400M	30 times of share capital
More than 400M up to 500M	50 times of share capital
More than 500M	No limit

### *Net Worth Requirement*

All HMOs must have a net worth which should not be less than its paid-up capital. However, the Company's net worth as of December 31, 2024, and 2023 amounted to ₱46,465,629 (including the deposit for future stock subscription of ₱70M as discussed in Note 20) and ₱86,723,676, respectively, which is below the minimum net worth requirement by the IC.

### *Additional Paid-in Capital*

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

### *Deposit for Future Stock Subscription*

Deposit for stock subscription represents deposits by the subscribing shareholders in connection with the proposed increase in authorized capital stock of the Company, awaiting approval by the Securities and Exchange Commission.

### *Retained Earnings (Deficit)*

Retained earnings represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments. Appropriated retained earnings represent that portion which is restricted and therefore not available for any dividend declaration. When retained earnings account has a debit balance, it is called "deficit", a deduction from equity.

### Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The following are the specific recognition criteria in recognizing the following:

*Service fees.* This pertains to membership fees earned from medical plans availed by customers. Medical plans normally cover a period of one year and are renewable annually. The total contract amount is initially recognized as unearned membership fee under "Current liabilities" and is amortized over the customer's period of coverage on a straight-line basis. Revenue is recognized from unearned membership fees upon collection of fees.

*Interest income.* For all financial instruments measured at amortized cost, interest income is recorded using the EIR which is the rate that exactly discounted the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is presented in profit and loss.

*Other income.* This is composed of mark-up on those services rendered by the Company. Income from other sources is recognized when earned.

### Costs and Expenses

Costs and expenses are recognized in the statements of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in the statements of comprehensive income: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefit 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.



Costs and expenses are presented using the function of expense method. Costs of services are directly attributable in the rendition of services. This includes healthcare benefits and claims which pertain to all claims incurred.

Operating expenses are costs attributable to the administrative and other business activities of the Company.

#### Foreign Exchange Transactions

Transactions in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the date in which the transaction took place. Foreign currency denominated monetary assets and liabilities of the Company are translated using the prevailing exchange rate as of financial reporting date. Gains or losses arising from these transactions and translation are credited or charged to profit or loss.

#### Taxes

*Current Tax.* Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax relating to items recognized directly in equity is recognized in equity and not in the statements of comprehensive income. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

*Deferred Tax.* Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized using the liability method for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in shares of stock of subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference 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, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in shares of stock of subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

The measurement of deferred tax reflects the tax consequences that would follow 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 measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax are recognized in the statements of comprehensive income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

*Value-added Tax (VAT).* Revenues, expenses, and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Other current assets" or "Income tax payable" accounts in the statements of financial position.

#### Employee Benefits

##### *Short-term Employee Benefits*

Short-term employee benefits are recognized as expense in the period when economics benefits are given. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term employee benefits given by the Company include salaries and wages, life and health insurances, social security system contributions, short-term compensated absences, bonuses, and other non-monetary benefits.

##### *Retirement Benefits*

The Company's net obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount, and deducting the fair value of plan assets.

The calculation of defined benefit obligation and valuation of the plan assets is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest), if any, and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in the Other Comprehensive Income (OCI). The Company determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payment. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to the past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Company recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

#### Related Parties

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

#### Contingencies

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

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#### 4. Use of Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income, and expenses reported in the financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

##### Judgments

In the process of applying the accounting policies, the Company has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the financial statements:

*Determination of control over the investee.* The determination of control over the investee, other than the rebuttable presumption of ownership over fifty percent (50%), requires significant judgment. In making judgment, the Company evaluates whether the investor controls an investee and identified the following factors:

- a. power over the investee;
- b. exposure, or rights, to variable returns from its involvement with the investee;
- c. the ability to use its power over the investee to affect the amount of the investor's returns.

The Company has an investment in subsidiary, named PharmaCare Plus, Inc. The details of this investment is disclosed in Note 12.

*Determination whether an arrangement contains a lease.* The Company assesses whether an arrangement contains a lease based on PFRS 16, as disclosed in Note 3. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The details of these lease agreements are disclosed in Note 11.

*Company as lessee.* The Company has entered into lease agreements as a lessee. Depreciation of right-of-use of asset and interest expense on lease liability recognized in profit or loss are disclosed in Note 11.

*Determining the lease term of contracts with renewal and termination options – Company as 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 judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the 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 included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). 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. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Company typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. 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.



*Evaluating deferred tax.* In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

*Classifying financial instruments.* The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

*Contingencies.* The Company is currently involved in various pending claims and lawsuits which could be decided in favor of or against the Company. The Company's estimate of the probable costs for the resolution of these pending claims and lawsuits has been developed in consultation with in-house as well as outside legal counsel handling the prosecution and defense of these matters and is based on an analysis of potential results. The Company currently does not believe that these pending claims and lawsuits will have a material adverse effect on its financial position and financial performance. It is possible, however, that future financial performance could be materially affected by the changes in the estimates or in the effectiveness of strategies relating to these proceedings. No accruals were made in relation to these proceedings (see Note 23).

#### Estimates and Assumptions

The key estimates and assumptions used in the financial statements are based upon the Company's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

*Fair value measurements.* A number of the Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained to support the conclusion that such valuations meet the requirements of PFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The Company uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques (see Note 3).

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The methods and assumptions used to estimate the fair values for both financial and non-financial assets and liabilities are discussed in Note 29.

*Present Value of Retirement Liability.* The present value of the DBO depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for retirement include among others, the discount rate and salary increase rate. Any changes in the assumptions will impact the carrying amount of the retirement obligation.

Other key assumptions for retirement obligation are based in part on current market conditions. Additional information is disclosed in Note 19.

While the Company believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of retirement benefits and related obligations.

Provision for retirement recognized in profit or loss in 2024 and 2023 amounted to ₱1,010,915 and ₱752,620, respectively (see Note 19).

As at December 31, 2024 and 2023, the present value of DBO of the Company amounted to ₱2,265,454 and ₱1,517,282, respectively (see Note 19).

*Allowance for ECL on trade and other receivables.* The Company has elected to apply the simplified approach to determining expected credit losses for its trade receivables and the loss allowance is calculated based on lifetime expected credit losses. To measure the expected credit losses, the Company uses a provision matrix. The trade receivables have been grouped based on shared credit characteristics, including size and location, and the loss rate for a given number of days past due.

The expected loss rates are based on historical losses over the years prior to the period in question. This information is continuously rolled over to obtain the most up to date data. These historical loss rates are adjusted for current and forecast macroeconomic conditions, including expectations around interest rates and inflation, to reflect the Company's expectations of what losses the Company may incur in the future on these receivables. The loss rates are examined regularly by the Company and changes in the assumptions used to calculate the allowance could lead to material changes in the allowance required.

The allowance for ECL on receivables amounted to ₱9,669,211 and ₱5,195,895 as at December 31, 2024 and 2023 (see Note 6).

The carrying amounts of trade and other receivables amounted to ₱76,826,306 and ₱37,472,215 as at December 31, 2024 and 2023, respectively (see Note 6).

No impairment loss was recognized in 2024 and 2023.

*Estimated useful lives of property and equipment and investment property.* The Company estimates the useful lives of property and equipment and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and investment property are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of property and equipment and investment property is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and investment property would increase the recorded costs and expenses and decrease noncurrent assets.

Property and equipment, net of accumulated depreciation amounted to ₱9,772,196 and ₱10,787,645 as at December 31, 2024 and 2023, respectively. Accumulated depreciation amounted to ₱10,564,949 and ₱7,253,371 as at December 31, 2024 and 2023, respectively (see Note 10).

*Impairment of non-financial assets.* PFRS requires that an impairment review be performed on property and equipment and right-of-use assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amounts of these assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

*Realizability of deferred tax assets.* The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the projected taxable income in the following periods.

Deferred tax assets amounted to ₱10,975,583 and ₱4,904,060 as at December 31, 2024 and 2023, respectively (see Note 28).

*Valuation of aggregate reserves.* The cost of aggregate reserves was determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the unearned premium reserves, accumulated value of members equity value, accumulated value plus interest of reserve fund and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, aggregate reserves are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details on the aggregate reserves are provided in Note 15 to the financial statements.

As at December 31, 2024 and 2023, the aggregate reserves amounted to ₱21,178,870 and nil, respectively (see Note 15).

*Leases - estimating the incremental borrowing rate* - The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

## 5. Cash

This account consists of:

	2024	2023
Cash on hand	₱706,104	₱328,104
Cash in banks	4,269,289	3,908,196
	<b>₱4,975,393</b>	<b>₱4,236,300</b>

Cash in banks earn interest at bank deposit rates.

Cash on hand are the undeposited collections as of the end of the period which will be deposited on the next banking day. Cash in banks represent savings/current accounts in seven (7) reputable local banks. Savings account deposits earn interest at the respective bank deposit rates and current account deposits do not earn interest. The Company reconciles the books and bank balances regularly as part of its cash monitoring and internal control measures

Interest income from cash in bank amounted to ₱314,008 and ₱15,065 in 2024 and 2023, respectively (see Note 23).

## 6. Trade and Other Receivables

This account consists of:

	Note	2024	2023
Trade			
Due and uncollected membership fees	27	₱79,163,039	₱35,043,304
Others			
Advances to officers, employees, agents and providers	27	7,332,478	5,507,906
Advances subject to liquidation	27	-	2,116,900
		86,495,517	42,668,110
Allowance for ECL		(9,669,211)	(5,195,895)
		<b>₱76,826,306</b>	<b>₱37,472,215</b>

Advances to officers, employees, agents and providers refer to duly approved cash advances for personal and/or official business that are subject to liquidation.

Advances subject to liquidation represent duly approved cash advances for official business to the Company's officers and employees that are subject to liquidation



The movements in allowance for ECL are as follows:

	Note	2024	2023
Balance, January 1		<b>₱5,195,895</b>	₱3,033,860
Provisions during the year	24	<b>4,473,316</b>	2,162,035
Balance, December 31		<b>₱9,669,211</b>	₱5,195,895

#### 7. Short-term Investments

In compliance with the Circular Letter 2016-41 *Minimum Capitalization and Financial Capacity Requirements for HMO* issued by IC, the Company maintains deposit amounting ₱13,048,000 and ₱12,805,000 as of December 31, 2024 and 2023, respectively. These deposits have maturity period of more than ninety days up to one year. The amount is deposited in a local bank in the form of treasury bills and earned interest income amounting to ₱275,600 and ₱9,612 in 2024 and 2023, respectively (see Note 23).

As of December 31, 2024, and 2023, the short-term investments amounted ₱13,048,000 and ₱12,805,000, respectively, accounting for 25% and 26% of the Company's share capital. Accordingly, the Company met the IC requirement of maintaining a deposit of at least 20% of its share capital, (see Note 1).

#### 8. Due from Related Party

This account represents unsecured non-interest bearing inter-company reimbursable expense to PharmaCare Plus, Inc., collectible upon demand by the Company. Settlements may be made through cash payments or offsetting.

The inter-company advances to the related party amounted to ₱52,631,646 and ₱33,696,683 as of December 31, 2024 and 2023, respectively (see Note 27).

#### 9. Other Current Assets

This account consists of the following:

	2024	2023
Cash bonds	<b>₱6,243,456</b>	₱6,342,746
Prepaid expenses	<b>2,904,227</b>	1,796,119
Input VAT	<b>1,189,737</b>	3,687,630
	<b>₱10,337,420</b>	₱11,826,495

Cash bonds represent deposits to certain healthcare providers to guarantee full settlement of the Company's accounts within the prescribed terms. In case the Company fails to settle its obligations on time, these deposits will be used to defray for the medical and hospitalization expenses of its members.

Input VAT represents value added tax paid to suppliers that can be claimed as credit against the Company's Output VAT.

Prepaid expenses refer to unamortized prepayments including but not limited to insurance premiums and will be charged to expense in the next financial year.

# 10. Property and Equipment

This account consists of the following as at December 31, 2024 and 2023:

	Computer equipment	Furniture and fixtures	Office equipment	Transportation equipment	Leasehold improvements	Medical and other equipment	Total
<b>Cost</b>							
At January 1, 2023	P4,621,484	P1,566,564	P2,476,991	P530,000	P2,917,870	P2,615,274	P14,728,183
Additions	2,787,509	398,965	103,328	-	23,031	-	3,312,833
At December 31, 2023	7,408,993	1,965,529	2,580,319	530,000	2,940,901	2,615,274	18,041,016
Additions	1,310,601	671,363	314,165	-	-	-	2,296,129
<b>At December 31, 2024</b>	<b>8,719,594</b>	<b>2,636,892</b>	<b>2,894,484</b>	<b>530,000</b>	<b>2,940,901</b>	<b>2,615,274</b>	<b>20,337,145</b>
<b>Accumulated depreciation</b>							
At January 1, 2023	2,159,673	749,701	155,825	529,997	459,942	392,291	4,447,429
Depreciation	977,064	259,914	498,842	-	547,067	523,055	2,805,942
At December 31, 2023	3,136,737	1,009,615	654,667	529,997	1,007,009	915,346	7,253,371
Depreciation	1,335,980	317,809	585,365	-	549,370	523,054	3,311,578
<b>At December 31, 2024</b>	<b>4,472,717</b>	<b>1,327,424</b>	<b>1,240,032</b>	<b>529,997</b>	<b>1,556,379</b>	<b>1,438,400</b>	<b>10,564,949</b>
<b>Carrying amount</b>							
<b>At December 31, 2024</b>	<b>P4,246,877</b>	<b>P1,309,468</b>	<b>P1,654,452</b>	<b>P3</b>	<b>P1,384,522</b>	<b>P1,176,874</b>	<b>P9,772,196</b>
At December 31, 2023	P4,272,256	P955,914	P1,925,652	P3	P1,933,892	P1,699,928	P10,787,645

Property and equipment are carried over at cost less accumulated depreciation and any impairment in value. The carrying amount of the property and equipment is equivalent to its fair value.

No assets were found impaired. Depreciation charged to operations amounted to P3,311,578 and P2,805,942 for 2024 and 2023 (see Note 24).

No property and equipment have been pledged as security for liabilities.

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## 11. Leases

### *Company as a Lessee*

In April 19, 2023, the Company entered into an agreement to lease a parcel of land with Mr. Joaquin Rodriguez. The lease is for a minimum period of 25 years expiring on April 18, 2048 and is renewable for another twenty-five (25) years.

The Company also entered into an agreement to lease an office space designated at Unit 608 with a total area of 72.17 square meters with Zeta Property Ventures Inc. The lease is for a period of 3 years effective on May 8, 2023 and expiring on May 7, 2026 and is renewable for the fourth year. In addition, the lease rental is subject for an escalation rate of 10% every year.

In July 31, 2023, the Company entered into an agreement to lease the Unit A & F of Villa Building with an area of 309 square meters with Villa Development Corporation. The lease is for a period of 10 years, commencing on November 1, 2023 and will automatically terminate on October 31, 2033 with 5% escalation rate per year unless terminated or renewed in accordance with the applicable provisions of the contract. The lease may be renewed upon the written agreement of lessor and lessee.

In April 28, 2023, the Company entered into an agreement to lease a commercial condominium unit with a floor area of 1,049.37 square meters including 7 parking slots with Syiaco Realty Corporation. The lease is for a period of 3 years, commencing on June 12, 2023 and expiring on June 11, 2026, renewable upon written agreement of the lessor and lessee. The lease can be renewed by way of written notice given to the lessor not later than 30 days prior to the termination of the lease.

Several contracts were also entered into by the Company with various lessors. This includes lease of residential condominium units which are for a period of 1 year and renewable upon agreement of both parties.

Set out below are the carrying amounts of lease liabilities during the year:

	2024	2023
<i>Classified as:</i>		
Current	<b>P11,570,695</b>	<b>P10,253,982</b>
Non-current	<b>52,708,919</b>	<b>62,679,654</b>
	<b>P64,279,614</b>	<b>P72,933,636</b>

Set out below are the movements of lease liabilities during the year:

	2024	2023
As at January 1	<b>P72,933,636</b>	<b>P-</b>
Additions	<b>-</b>	<b>78,011,482</b>
Accretion of interest	<b>4,730,330</b>	<b>2,173,903</b>
Payments	<b>(13,384,352)</b>	<b>(7,251,749)</b>
As at December 31	<b>P64,279,614</b>	<b>P72,933,636</b>



**Right-of-use assets**

	Land	Condominium Unit	Total
<b>Cost</b>			
At December 31, 2023	P53,228,984	P24,782,498	P78,011,482
Additions	-	-	-
<b>At December 31, 2024</b>	<b>P53,228,984</b>	<b>P24,782,498</b>	<b>P78,011,482</b>
<b>Accumulated amortization</b>			
At December 31, 2023	1,441,640	4,818,819	6,260,459
Amortization	4,515,113	8,260,833	12,775,946
<b>At December 31, 2024</b>	<b>5,956,753</b>	<b>13,079,652</b>	<b>19,036,405</b>
<b>Carrying amount</b>			
<b>At December 31, 2024</b>	<b>P47,272,231</b>	<b>P11,702,846</b>	<b>P58,975,077</b>
At December 31, 2023	P51,787,344	P19,963,679	P71,751,023

**Short-term and leases of low-value assets**

The rent expense account pertains to payments classified as short-term leases and leases of low-value assets amounting to P990,651 in 2024 and P2,084,612 in 2023 (see Note 24).

**12. Investment in Subsidiary**

Investment in subsidiary consists of investment in PharmaCare Plus, Inc. which is accounted for using cost method. PharmaCare Plus, Inc. is located at 34F the Orient Square Building, F. Ortigas Jr., Road, San Antonio, Pasig City and operating under principle purpose of retail of drugs, pharmacy, diagnostic clinics and primary care clinics. The amount of investment acquired at cost amounted to P4,999,993 as at December 31, 2024 and 2023, which represents the Company's 99.99% ownership in PharmaCare Plus, Inc.

As at December 31, 2024, management believes that there is no significant and apparently permanent decline in its investment in subsidiary; accordingly, no impairment loss was recognized as of reporting date.

**13. Other Noncurrent Assets**

This account consists of:

	2024	2023
Rental deposit	P3,753,758	P2,789,939
Refundable security deposit	-	228,935
Other noncurrent assets	-	2,625,108
	<b>3,753,758</b>	<b>5,643,982</b>
Allowance for impairment	-	-
	<b>P3,753,758</b>	<b>P5,643,982</b>

Rental deposit represents deposit on lease agreement for its office space entered into various dates from December 7, 2020 to July 7, 2023 and from October 7, 2021 to October 6, 2023.

The movements in allowance for impairment are as follows:

	2024	2023
Balance, January 1	P-	P10,895,618
Write-offs	-	(10,895,618)
<b>Balance, December 31</b>	<b>P-</b>	<b>P-</b>

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**14. Claim Reserves**

This account consists of:

	Note	2024	2023
Due and unpaid claim reserves		<b>₱35,741,967</b>	<b>₱22,270,787</b>
Claim reserves – IBNR	22	<b>5,252,468</b>	2,063,639
Claim reserves – handling fees	22	<b>4,236,656</b>	-
		<b>₱45,231,091</b>	<b>₱24,334,426</b>

Due and unpaid claim reserves refer to unsettled amount of medical services availed by customers from the Company's accredited providers. This is generally settled in 30 to 90 days credit term.

Claim reserves - incurred but not reported are estimates of probable additional claims which was based on the Chain Ladder method. Separate assessments were determined for corporate, individual and third-party arrangements.

Claim reserve - handling fees include reserves for handling expenses and are based on a percentage of total outstanding and expected claims.

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**15. Aggregate Reserves**

Aggregate reserve consists of amounts of unearned portion of all future claim payments and related policy expenses including maintenance and claims settlement expenses out of events arising after the valuation date that the Company is liable in the future. The Company recognized aggregate reserves amounting to ₱21,178,870 and nil as at December 31, 2024 and 2023, respectively.

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**16. Notes Payable**

The notes payable during the year consist of:

	2024	2023
Balance at January 1	<b>₱3,000,000</b>	₱-
Availments	<b>17,500,000</b>	3,000,000
Repayments	<b>(2,608,333)</b>	-
Balance at December 31	<b>₱17,891,667</b>	<b>₱3,000,000</b>

On August 3, 2023, and December 15, 2023, the Company signed two promissory notes with a financing company amounting to ₱1,500,000 each, with a 3% service fee deducted per loan and 2% fixed interest rate for the year, payable without demand on or before February 2, 2024, and December 18, 2024, respectively.

On March 13, 2024, the Company signed a promissory note from a bank, amounting to ₱14,500,000 to be used for capital expenditures and operating expenses. The principal is payable anytime within the year with 12% fixed interest rate for the year subject to 20% curtailment. The credit line will expire on April 1, 2025.

On February 29, 2024 and September 27, 2024, the company signed a promissory note from a financing company amounting to ₱3,000,000 payable within a year with 2% fixed interest rate for the year.

Interest expense amounted to ₱5,962,225 and ₱80,000 in 2024 and 2023, respectively.

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**17. Accrued Liabilities and Other Payables**

This account consists of:

		2024	2023
Due to government agencies		<b>₱14,036,004</b>	₱1,806,754
Advances from customers		<b>11,575,621</b>	6,180,547
Advances from officers	27	<b>991,418</b>	-
Due from related parties	27	<b>22,824,664</b>	-
		<b>₱48,436,289</b>	<b>₱7,987,301</b>

Due to government agencies pertains to the tax withheld from payment to suppliers, employee's compensation, final tax, and statutory contributions to SSS, PHIC, and HDMF.

Advances from customers are non-refundable upfront payments received from customers in relation to service fees. The amounts will be recognized as revenue when services are rendered, which is expected within 12 months from reporting date. No significant financing component exists as the period between customer payment and satisfaction of performance obligations is typically within 12 months.

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**18. Fidelity Fund**

This account pertains to the agent's fund based on a certain percentage of their commission. Fidelity fund amounted to nil and ₱1,627,075 in 2024 and 2023.

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**19. Retirement Plan**

The Company maintains an unfunded, noncontributory defined benefit retirement plan covering substantially all of its permanent employees. The benefits are based on year of service and compensation during the latest year of employment. Retirement benefits are paid to the employees as to when they retire.

The movements in the present value of defined benefit obligation are as follows:

	2024	2023
Balance at January 1	<b>₱1,517,282</b>	₱764,662
Current service cost	<b>918,057</b>	752,620
Interest cost	<b>92,858</b>	-
Actuarial gain	<b>(262,743)</b>	-
Balance at December 31	<b>₱2,265,454</b>	<b>₱1,517,282</b>

The amounts recognized as expense in respect of the defined benefit plan for the years ended December 31 are as follows:

	2024	2023
Current service cost	<b>₱918,057</b>	₱752,620
Interest cost	<b>92,858</b>	-
	<b>₱1,010,915</b>	<b>₱752,620</b>

Retirement expense recognized in the separate statements of comprehensive loss is as follows:

	Notes	2024	2023
Cost of rendering services	22,26	<b>₱303,275</b>	₱225,786
Operating expenses	24,26	<b>707,640</b>	526,834
		<b>₱1,010,915</b>	<b>₱752,620</b>



The principal assumptions used for the purposes of the actuarial valuation for the year ended December 31, 2024, are as follows:

Discount rate	6.08%
Salary projection rate	4.00%

*Maturity analysis of expected future benefits payments*

The following table summarizes the effect of the defined benefit plan on the Company's future cash flows as a result of the expected future benefit payments:

	2024
Expected Future Benefit Payments	
Year 1	P-
Year 2	613,888
Year 3	-
Year 4	506,225
Year 5	-
Years 6-10	2,064,017

As of December 31, 2024, the Company obtained an Actuarial Valuation Report as required under relevant regulations. However, for the year ended December 31, 2023, the Company was not able to obtain the report as of reporting date.

## 20. Share Capital

Movements in the number of shares of stocks with par value of ₱1 per share are as follows:

	2024		2023	
	Number of Shares	Amount	Number of Shares	Amount
<b>Authorized</b>				
Common shares	50,000,000	₱50,000,000	50,000,000	₱50,000,000
<b>Issued and outstanding</b>				
Common shares	50,000,000	₱50,000,000	50,000,000	₱50,000,000

The Company maintains an additional paid-in capital amounting to ₱19,089,366 as at December 31, 2024 and 2023.

At the joint special meeting of the stockholders and the Board of Directors (BOD) and during the special meeting of the stockholders of Company, held on February 18, 2022, at which meeting, stockholders representing at least two-thirds (2/3) of the outstanding share capital were present in person or by proxy, the stockholders present by unanimous vote, approved to call for the subscription and payment of the unsubscribed shares of the Company with a total of 30,000,000 shares.

The BOD authorized the Corporate Secretary, to offer for subscription and payment of the unsubscribed common shares of the Company amounting to ₱30,000,000 shares with a par value of ₱1 per share.

In November 2022, the unsubscribed 30,000,000 shares of stock amounting to ₱30,000,000 were fully subscribed and paid up by the subscribing shareholders.

Likewise, at the shareholders meeting of the Company held at Medicare Plus, Inc., on November 2, 2022, at which meeting there was a quorum, the shareholders representing at least two-thirds (2/3) of the outstanding capital stock approved the increase of the Company's authorized capital stock from ₱50,000,000 divided into 50,000,000 common shares, with par value of ₱1 per share, to ₱200,000,000 divided into 200,000,000 shares, with par value of ₱1 per share.

Of the increase in authorized share capital of ₱150,000,000, the amount of ₱70,000,000 or 70,000,000 shares of stock have been subscribed. The deposit for future stock subscription amounted to ₱70,000,000 as of December 31, 2024. The filing for the increase in capital stock was submitted to the Securities and Exchange Commission – Financial Analysis and Audit Division on December 3, 2024. FAAD is still on review of the documentary requirements as of audit report date.

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**21. Revenue from Rendering of Services**

This account consists of:

	<i>Note</i>	<b>2024</b>	<b>2023</b>
Service fees	27	<b>₱103,910,049</b>	<b>₱73,747,409</b>

The Company earns revenue from membership fees billed to members, which are recognized over a period of time as specified in the contract paid monthly, quarterly, semi-annually or annually. The contract is created for individual and corporate accounts with coverage for hospitalization, out-patient, preventive healthcare, emergency, financial assistance, and dental care.

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**22. Costs of Rendering Services**

This account consists of:

	<i>Notes</i>	<b>2024</b>	<b>2023</b>
Medical services		<b>₱25,852,413</b>	<b>₱13,817,361</b>
Personnel costs	26	<b>13,122,696</b>	<b>9,864,293</b>
Marketing		<b>11,218,783</b>	<b>1,169,749</b>
Claim reserves	14	<b>9,489,124</b>	<b>2,063,639</b>
Commissions		<b>1,790,947</b>	<b>-</b>
Retirement expense	19,26	<b>303,275</b>	<b>225,786</b>
Claims handling expenses		<b>45,534</b>	<b>-</b>
Other underwriting expenses		<b>308,531</b>	<b>714,587</b>
		<b>₱62,131,303</b>	<b>₱27,855,415</b>

Cost of rendering services are recognized in the separate statements of comprehensive loss upon utilization of the service or on the date they are incurred.

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**23. Other Income, Net**

This account consists of:

	<i>Note</i>	<b>2024</b>	<b>2023</b>
Interest income on bank deposits	5	<b>₱314,008</b>	<b>₱15,065</b>
Interest income on short-term investment	7	<b>275,600</b>	<b>9,612</b>
Others		<b>3,438,638</b>	<b>5,619</b>
		<b>₱4,028,246</b>	<b>₱30,296</b>

Interest income is income earned from the Company's savings bank accounts and short-term investment.

Other income includes proceeds from the sale of HMO products.

#### 24. Operating Expenses

This account consists of:

	Notes	2024	2023
Personnel costs	26	P34,318,023	P23,016,684
Amortization	11	12,775,946	6,260,459
Provision for ECL	6	4,473,316	2,162,035
Professional fees		4,147,016	4,584,431
Depreciation	10	3,311,578	2,805,942
Transportation and travel		3,077,323	2,772,678
Dues and subscriptions		2,460,197	-
Representation and entertainment		2,257,147	1,712,293
Communication, light and water		1,984,330	1,549,512
Taxes and licenses		1,895,803	1,325,491
Office supplies		547,785	396,215
Rental	11	990,651	2,084,612
Retirement expense	19,26	707,640	526,834
Repairs and maintenance		595,318	567,801
Corporate secretary's fees		30,400	52,617
Miscellaneous expense		3,598,492	-
Advertising and promotion		-	308,527
Others		3,243,067	414,154
		<b>P80,414,032</b>	<b>P50,540,285</b>

Operating expenses are recognized in the separate statements of comprehensive loss upon utilization of the service or on the date they are incurred.

Others are the net effect of all adjustments made on various accounts in the financial statements, in line with the Company's thrust to correct account balances and write-off unsupported accounts as of and for the year ended December 31, 2023.

Miscellaneous expense account pertains to write-off of advances subject to liquidation, and expenses incurred for healthcare and medical services extended to employees as part of their benefits.

In 2024, the others account consists departmental expenses for HR, Finance, accounting relating to notarial fees, other admin expenses and the bank charges

#### 25. Finance Cost

This account consists of:

	Note	2024	2023
Interest expense on notes	16	P5,962,225	P80,000
Interest expense on lease liability	11	4,730,330	2,173,903
		<b>P10,692,555</b>	<b>P2,253,903</b>





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**26. Personnel Costs**

This account consists of:

	<i>Notes</i>	Cost of Services		Operating Expenses	
		2024	2023	2024	2023
Salaries, wages and bonuses		<b>P11,737,439</b>	P9,202,315	<b>P27,387,360</b>	P21,472,070
Employees benefits		-	15,360	<b>3,698,396</b>	35,840
Retirement benefits	19, 22, 24	<b>303,275</b>	225,786	<b>707,640</b>	526,834
SSS, PHIC, ECC and HDMF		<b>1,385,257</b>	646,618	<b>3,232,267</b>	1,508,774
		<b>P13,425,971</b>	P10,090,079	<b>P35,025,663</b>	P23,543,518

Salaries, wages and bonuses pertains to the employee's compensation such as basic salaries, overtime pay, de minimis benefits and other benefits received from the Company.

## 27. Related Party Transactions and Balances

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors or its shareholders.

The following are the transactions with related parties and the outstanding balances as at December 31:

Name of related party	Relationship	Nature of transaction	Amount of transaction		Outstanding balance		Terms and Condition	Nature of operation	Country of incorporation
			2024	2023	2024	2023			
PharmaCare Plus, Inc.	Subsidiary	Payroll and other expenses	₱18,934,963	₱33,696,683	₱52,631,646	₱33,696,683	(a)	Retail of drugs, pharmacy, diagnostic clinics, and primary care clinics	Philippines
Various officers and employees	Shareholders	Advances	1,824,572	1,034,383	7,332,478	5,507,906	(b) (c)	N/A	N/A
Metro Sanitas Corporation	Affiliate	Service fees	1,821,854	-	176,248	-		Medical services, HMO and other related services	Philippines
The MegaClinic, Inc.	Affiliate	Service fees	1,736,390	-	88,124	-		Medical services, HMO and other related services	Philippines
Key management personnel	Management	Advances	313,273	215,034	5,002,800	4,689,527	(d)	N/A	N/A
Strategist.ph, Inc.	Affiliate	Advances	(2,849,264)	-	(2,849,264)	-	(e)	Other computer related activities	Philippines
The MegaClinic, Inc.	Affiliate	Advances	(19,975,400)	-	(19,975,400)	-	(e)	Medical services, HMO and other related services	Philippines

- a) The outstanding balances of due from related party amounted to ₱52,631,646 and ₱33,696,683 as at December 31, 2024 and 2023, respectively (see Note 8). The reimbursable expenses are due and demandable, non-interest bearing, unsecured and unguaranteed.
- b) Advances made to the officers and employees amounting to ₱7,332,478 and ₱5,507,906, in 2024 and 2023, respectively, are advances that are collectible through direct payments (see Note 6). The reimbursable expenses are due less than a year, non-interest bearing, unsecured and unguaranteed
- c) Advances subject to liquidation represent duly approved cash advances for official business to the Company's officers and employees amounted to nil and ₱2,116,900 in 2024 and 2023, respectively (see Note 6). The reimbursable expenses are due less than a year, due more than a year, non-interest bearing, unsecured and unguaranteed.



d) Details of compensation of key management personnel are as follows:

	2024	2023
Short term employee benefits	<b>P5,002,800</b>	<b>P4,528,756</b>
Post-employment benefit	-	160,771
	<b>P5,002,800</b>	<b>P4,689,527</b>

e) Due from related parties represents short-term advances used for operational requirements which amounted to P22,824,664 and nil as at December 31, 2024 and 2023, respectively.

## 28. Income Taxes

(a) The components of income tax benefit are shown below:

	2024	2023
Current	<b>P1,292,718</b>	<b>P692,221</b>
Deferred	<b>(6,071,523)</b>	<b>(2,414,823)</b>
	<b>(P4,778,805)</b>	<b>(P1,722,602)</b>

The current provision for corporate income tax represents minimum corporate income tax in 2024 and 2023.

(b) The reconciliation between the statutory income tax rate on income before income tax and the Company's effective income tax rate is as follows:

	2024	2023
Loss before income tax	<b>(P45,299,595)</b>	<b>(P6,871,898)</b>
Income tax at statutory income tax rate of 25%	<b>(P11,324,899)</b>	<b>(P1,717,975)</b>
Add (Deduct) tax effect of:		
Write-off of accounts to miscellaneous	<b>(529,225)</b>	-
Non-deductible expenses	<b>293,577</b>	1,542
Unrecognized deferred tax assets	<b>6,929,144</b>	-
Income subject to final tax	<b>(147,402)</b>	<b>(6,169)</b>
	<b>(P4,778,805)</b>	<b>(P1,722,602)</b>

(c) The Company's deferred tax asset as at December 31 arise from the following:

	January 1, 2023	Charged to operations	December 31, 2023	Charged to operations	December 31, 2024
Deferred tax asset on:					
Allowance for ECL	<b>P606,772</b>	<b>P540,509</b>	<b>P1,147,281</b>	<b>P-</b>	<b>P1,147,281</b>
Effect of PFRS 16	-	295,652	295,652	-	295,652
NOLCO	1,508,881	698,285	2,207,166	-	2,207,166
Excess MCIT over RCIT	220,652	692,222	912,874	<b>1,292,716</b>	<b>2,205,590</b>
Retirement liability	152,932	188,155	341,087	-	341,087
Unearned membership fee reserves	-	-	-	<b>4,778,807</b>	<b>4,778,807</b>
	<b>P2,489,237</b>	<b>P2,414,823</b>	<b>P4,904,060</b>	<b>P6,071,523</b>	<b>P10,975,583</b>

The details of the Company's unrecognized deferred tax assets follow:

	2024	2023
Allowance for ECL	<b>P4,473,316</b>	<b>P-</b>
Effect of PFRS 16	<b>4,121,924</b>	-
NOLCO	<b>18,110,420</b>	-
Retirement liability	<b>1,010,915</b>	-
	<b>P27,716,575</b>	<b>P-</b>

Management believes that the Company will not be able to realize the benefit of its deferred tax assets.

Details of the Company's NOLCO and MCIT which can be claimed as a deduction from regular taxable income are as follows:

**NOLCO**

Period of recognition	Availment period	Amount	Applied	Expired	Balance
2023	2024-2026	₱2,793,138	₱-	₱-	₱2,793,138
2022	2023-2025	2,359,274	-	-	2,359,274
2020	2021-2025	5,185,129	-	-	5,185,129
		<b>₱10,337,541</b>	<b>₱-</b>	<b>₱-</b>	<b>₱10,337,541</b>

**MCIT**

Period of recognition	Availment period	Amount	Applied	Expired	Balance
2024	2025-2027	₱1,294,351	₱-	₱-	₱1,294,351
2023	2024-2026	692,221	-	-	692,221
2022	2023-2025	111,127	-	-	111,127
2021	2022-2024	89,713	-	(89,713)	-
2020	2021-2023	19,812	-	(19,812)	-
		<b>₱2,207,224</b>	<b>₱-</b>	<b>(₱109,525)</b>	<b>₱2,097,699</b>

Net operating loss carry over (NOLCO) refers to the excess of deductible expenses over gross income resulting to a loss position at a given taxable year. Ordinarily, NOLCO shall be carried over as a special deduction from taxable income for the next three (3) consecutive taxable years, immediately following the year of incurrence of such loss. However, pursuant to Section 4 of Bayanihan to recover as One Act as implemented under Revenue Regulations (RR) No. 25-2020, any net operating loss incurred by the Company for the taxable years 2020 and 2021, can be carried over as a special deduction from gross income for the next five (5) consecutive taxable years following the year of incurrence such loss.

Movements in income tax payable as at December 31 follow:

	2024	2023
Balance, January 1	₱-	₱-
Provision for income tax – current	1,292,718	692,221
Prior year tax credit	(158,316)	-
Income tax paid during the year	(587,645)	(692,221)
Balance, December 31	<b>₱546,757</b>	<b>₱-</b>

The Company has prior period adjustment due to late payment of taxes from prior years that were settled in 2023 and several adjustments in their books. Prior period adjustment amounted to (₱11,887,932) as of December 31, 2023.

**29. Financial Assets and Financial Liabilities**

The table below presents a comparison by category of carrying amounts and fair values of the Company's financial instruments as at December 31, 2024 and 2023:

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
Cash	₱4,975,393	₱4,975,393	₱4,236,300	₱4,236,300
Trade and other receivables*	76,826,306	76,826,306	35,355,315	35,355,315
Short-term investments	13,048,000	13,048,000	12,805,000	12,805,000
Due from related party	52,631,646	52,631,646	33,696,683	33,696,683
	<b>₱147,481,345</b>	<b>₱147,481,345</b>	<b>₱86,093,298</b>	<b>₱86,093,298</b>

Forward



	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Liabilities</b>				
Claim reserves	P45,231,091	P45,231,091	P24,334,426	P24,334,426
Aggregate reserves	21,178,870	21,178,870	-	-
Note payable	17,891,667	17,891,667	3,000,000	3,000,000
Accrued liabilities and other payables**	34,947,042	34,947,042	6,180,548	6,180,548
Lease liability	64,279,614	64,279,614	72,933,636	72,933,636
	<b>P182,981,528</b>	<b>P 182,981,528</b>	<b>P106,448,610</b>	<b>P106,448,610</b>

\*Excluding advances subject to liquidation amounting nil and P2,116,900 in 2024 and 2023, respectively.

\*\*Excluding government liabilities amounting to P14,036,004 and P1,806,754 in 2024 and 2023, respectively.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

*Cash and Trade and Other Receivables.* The carrying amounts of cash, and trade and other receivables approximate fair values primarily due to the relatively short-term maturities of these financial instruments.

*Claim reserves.* The carrying amount of claim reserves approximates fair value due to the relatively short-term maturity of this financial instrument.

### 30. Financial Risk and Capital Management Objectives and Policies

#### Objectives and Policies

The Company has significant exposure to the following financial risks primarily from its use of financial instruments:

- Liquidity Risk
- Credit Risk
- Healthcare Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies, and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Company include cash and cash equivalents and financial assets at FVOCI. These financial instruments are used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Company such as receivables and accounts payable and other current liabilities, excluding statutory liabilities, arise directly from and are used to facilitate its daily operations.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Company.

The risk management policies of the Company are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### Liquidity Risk

Liquidity risk pertains to the risk that the Company will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Company's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Company constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

<b>2024</b>	<b>Within 30 Days</b>	<b>1 Year</b>	<b>Above 1 Year</b>	<b>Total</b>
Claim reserves				
Hospitals, clinic and doctors	<b>P3,632,778</b>	<b>P32,379,447</b>	<b>P-</b>	<b>P36,012,225</b>
Suppliers		<b>1,101,868</b>	<b>-</b>	<b>1,101,868</b>
Aggregate reserves		<b>21,178,870</b>	<b>-</b>	<b>21,178,870</b>
Accrued liabilities and other payables				
Other payables	<b>-</b>	<b>34,097,042</b>	<b>-</b>	<b>34,947,042</b>
	<b>P3,632,778</b>	<b>P88,757,227</b>	<b>P-</b>	<b>P92,390,005</b>
<b>2023</b>	<b>Within 30 Days</b>	<b>1 Year</b>	<b>Above 1 Year</b>	<b>Total</b>
Claim reserves	<b>P-</b>	<b>P12,657,609</b>	<b>P11,676,817</b>	<b>P24,334,426</b>
Aggregate reserves	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Accrued liabilities and other payables				
Other payables	<b>918,598</b>	<b>5,261,949</b>	<b>-</b>	<b>6,180,547</b>
Fidelity fund	<b>-</b>	<b>-</b>	<b>1,627,075</b>	<b>1,627,075</b>
	<b>P918,598</b>	<b>P17,919,558</b>	<b>P13,303,892</b>	<b>P32,142,048</b>

\*Excluding government liabilities amounting to P13,689,356 and P1,806,754 in 2024 and 2023, respectively.

#### Credit Risk

Credit risk is the risk of financial loss to the Company when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables. The Company manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Company's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The credit quality of the Company's financial assets is evaluated using internal credit rating. Financial assets are considered as high grade if the counterparties are not expected to default in settling their obligations, thus credit risk exposure is minimal. The Company's bases in grading its financial assets follow:

High grade	These are financial assets which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).
Standard grade	These are financial assets where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

As at December 31, 2024 and 2023, the aging analysis of financial assets of the Company based on credit ratings of debtors are as follows:

	<b>2024</b>					
	<b>Past due but not impaired</b>					
	<b>Neither past due nor impaired</b>	<b>30 days</b>	<b>90 days</b>	<b>More than 150 days</b>	<b>Impaired</b>	<b>Total</b>
<b>Cash*</b>	<b>P4,269,289</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>	<b>P4,269,289</b>
<b>Trade receivables:</b>						
Due and uncollected membership fees	<b>44,159,322</b>	<b>1,933,347</b>	<b>2,664,775</b>	<b>20,736,384</b>	<b>9,669,211</b>	<b>79,163,039</b>
<b>Other receivables:</b>						
Advances to officers, employees, agents and providers	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,332,478</b>	<b>-</b>	<b>7,332,478</b>

Forward

	2024					
	Past due but not impaired					Total
	Neither past due nor impaired	30 days	90 days	More than 150 days	Impaired	
Due from related parties:						
Advances to Affiliates - PharmaCare Plus Inc.	P52,631,646	P-	P-	P-	P-	P52,631,646
	101,060,257	P1,933,347	P2,664,775	P28,068,862	P9,669,211	P143,396,452

	2023					
	Past due but not impaired					
	Neither past due nor impaired	30 days	90 days	More than 150 days	Impaired	Total
Cash*	P3,908,196	P-	P-	P-	P-	P3,908,196
Trade receivables:						
Due and uncollected membership fees	8,760,826	6,307,795	2,803,464	11,975,324	5,195,895	35,043,304
Other receivables:						
Advances to officers, employees, agents and providers	-	-	-	5,507,906	-	5,507,906
Due from related parties:						
Advances to Affiliates - PharmaCare Plus Inc.	33,696,683	-	-	-	-	33,696,683
	P46,365,705	P6,307,795	P2,803,464	P17,483,230	P5,195,895	P78,156,090

\*Excluding cash on hand amounting to P706,104 and P328,104 in 2024 and 2023, respectively.

#### Trade and Other Receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's counterparty base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on the credit risk.

The table shows determination of ECL stage of the Company's financial assets:

2024	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
<b>Cash*</b>	P4,269,289	P-	P-	P4,269,289
<b>Trade and other receivables**</b>	-	-	84,281,621	84,281,621
<b>Short-term investments</b>	-	13,048,000	-	13,048,000
<b>Due from related party</b>	-	52,631,646	-	52,631,646
<b>Refundable deposits***</b>	-	-	-	-
	P4,269,289	P65,679,647	P84,281,621	P154,230,556

2023	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Cash*	P3,908,196	P-	P-	P3,908,196
Trade and other receivables**	-	-	40,551,210	40,551,210
Short-term investments	-	12,805,000	-	12,805,000
Due from related party	-	33,696,683	-	33,696,683
Refundable deposits***	228,935	-	-	228,935
	<b>P4,137,131</b>	<b>P46,501,683</b>	<b>P40,551,210</b>	<b>P91,190,024</b>

\*Excluding cash on hand amounting to P706,104 and P328,104 in 2024 and 2023, respectively.

\*\*Excluding advances subject to liquidation amounted to nil and P2,116,900 in 2024 and 2023, respectively.

\*\*\*Included as part of "Other noncurrent assets"

#### Investments

The Company recognizes impairment losses based on specific and collective impairment tests when objective evidence of impairment has been identified either on an individual account or on a portfolio level.

Financial information on the Company's maximum exposure to credit risk without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	2024	2023
Cash*	<b>P4,269,289</b>	<b>P3,908,196</b>
Trade and other receivables**	<b>86,495,517</b>	<b>40,551,210</b>
Short-term investments	<b>13,048,000</b>	<b>12,805,000</b>
Due from related party	<b>52,631,646</b>	<b>33,696,683</b>
Refundable deposits***	-	228,935
	<b>P155,44,452</b>	<b>P91,190,024</b>

\*Excluding cash on hand amounting to P706,104 and P328,104 in 2024 and 2023, respectively.

\*\*Excluding advances subject to liquidation amounted to nil and P2,116,900 in 2024 and 2023, respectively.

\*\*\*Included as part of "Other noncurrent assets"

The credit risk for cash is considered negligible since the counterparties are reputable entities with high quality external credit ratings.

The Company's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Company has no significant concentration of credit risk since the Company deals with a large number of homogenous counterparties. The Company does not execute any credit guarantee in favor of any counterparty.

#### Healthcare Risk

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

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



### Capital Management

The Company maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares.

The Company's capital as at December 31, 2024 and 2023 are shown below:

	2024	2023
Share capital	₱50,000,000	₱50,000,000
Additional paid-in capital	19,089,366	19,089,366
Deposit for future stock subscription	70,000,000	70,000,000
Deficit	(92,886,480)	(52,365,690)
Accumulated remeasurement gain	262,743	-
	<b>₱46,465,629</b>	<b>₱86,723,676</b>

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operation, and industry.

The Company monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as total current liabilities and total noncurrent liabilities, while equity is total equity as shown in the separate statements of financial position.

The Company is subject to externally imposed capital requirements by the Insurance Commission. This requirement includes having net worth which should not be less than its paid-up capital.

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### **31. Other Matters**

#### **(a) Contingencies**

The Company is a party to certain lawsuits or claims filed by third parties which are either pending decision by the courts or are subject to settlement agreements. The outcome of these lawsuits or claims cannot be presently determined. In the opinion of management and its legal counsel, the eventual liability from these lawsuits or claims, if any, will not have a material effect on the separate financial statements of the Company.

### 32. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Presented below is the supplementary information which is required by the BIR under its existing Revenue Regulations (RR) to be disclosed as part of the notes to separate financial statements in addition to the disclosures mandated under PFRS.

#### RR NO. 15-2010

##### a. Value added tax (VAT)

###### Output VAT

Output VAT declared in 2024 and the revenue upon which the same was based consist of:

	Net Sales/Receipts	Output VAT
Vatable sales	₱85,340,234	₱10,240,389
Zero-rated sales	-	-
	₱85,340,324	₱10,240,839

###### Input VAT

As of December 31, 2024, the details of the input VAT are as follows:

Balance at beginning of the year	₱3,687,631
Add: Current year's domestic purchases/payments for: Services lodged under other accounts	1,188,965
Total available input VAT	4,876,595
Less: Claims for tax credit	(3,686,857)
Balance at end of year	₱1,189,737

##### b. Other taxes and licenses

Details of the Company's other taxes and licenses and permits in 2024 are as follows:

Business permit	₱811,119
Community tax certificate	10,500
Others	1,074,184
	₱1,895,803

##### c. Withholding taxes

Details of withholding taxes paid in 2024 are as follows:

Withholding tax on compensation	₱1,866,590
Expanded withholding taxes	1,075,180
	₱2,941,770

##### d. Tax assessment and cases

The Company has no unpaid deficiency tax assessments as of December 31, 2024 nor does it have any pending tax cases, litigation and/or prosecution in courts or bodies outside the BIR.

**REVENUE REGULATION (RR) NO. 34-2020**

RR No. 34-2020, *Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010*, was issued to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents. Section 2 of the RR enumerated the taxpayers required to file and submit the RPT Form, together with the Annual Income Tax Return.

As at December 31, 2024, the Company is covered under Section 2 of RR 34-2020, hence the requirements and procedures for related party transactions provided under the said RR are applicable.