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Hi HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES,

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Transaction Code: **AFS-0-6H6HALA80BHBH9D8GPVTV3RVY03V242RTT**
Submission Date/Time: **Apr 28, 2025 03:34 PM**
Company TIN: **000-897-448**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
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- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Bureau of Internal Revenue

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-887-448-000
Name	: HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILS
RDO	: 53A
Form Type	: 1702
Reference No.	: 40266007090088
Amount Payable (Over Remittance)	: -833,887.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2025
Date Filed	: 04/16/2026
Tax Type	: IT

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

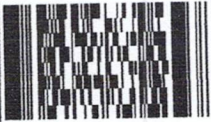
FILING REFERENCE NO.

TIN	: 000-897-448-000
Name	: HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILS
RDO	: 53A
Form Type	: 1702
Reference No.	: 462600072090266
Amount Payable (Over Remittance)	: -833,687.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2025
Date Filed	: 04/16/2026
Tax Type	: IT



Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

BIR Form No. 1702-RT January 2018(ENCS) Page 1		Annual Income Tax Return 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 ☒ Calendar ☐ Fiscal		3 Amended Return? ☐ Yes ☒ No		4 Short Period Return? ☐ Yes ☒ No	
2 Year Ended (MM/20YY) 12 - 2025		5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT)			
Part I - Background Information					
6 Taxpayer Identification Number (TIN) 000 - 897 - 448 - 000		7 RDO Code 53A			
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILS					
9A Registered Address (Indicate complete registered address) 7TH FLOOR MAB BLDG. PHMC REAL STREET PAMPLONA TRES CITY OF LAS PIQAS, NCR, FOURTH					
					9B ZipCode 1740
10 Date of Incorporation/Organization (MM/DD/YYYY)				06/01/1980	
11 Contact Number 8050063		12 Email Address eetomas3566@gmail.com			
13 Method of Deductions ☒ Itemized Deductions [Section 34 (A-J), NIRC] ☐ Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]					
Part II - Total Tax Payable (Do NOT enter Centavos)					
14 Total Income Tax Due (Overpayment) (From Part IV Item 43)				114,224	
15 Less: Total Tax Credits/Payments (From Part IV Item 55)				947,911	
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)				(833,687)	
Add Penalties					
17 Surcharge				0	
18 Interest				0	
19 Compromise					
20 Total Penalties (Sum of Items 17 to 19)				0	
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20)				(833,687)	
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)					
☐ To be refunded ☐ To be issued a Tax Credit Certificate (TCC) ☐ 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				Signature over printed name of Treasurer/Assistant Treasurer	
Title of Signatory		TIN		22 Number of Attachments 4	
Part III - Details of Payment					
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)	

Attachments

Add Attachment

Remove Attachment

Prev

Page: 01 of 04

Next

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BIR Form No. 1702-RT January 2018(ENCS) Page 2		Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P2	
Taxpayer Identification Number (TIN)			Registered Name		
000 - 897 - 448 - 000			HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILS		
Part IV - Computation of Tax (Do NOT enter Centavos)					
27 Sales/Receipts/Revenues/Fees				45,061,188	
28 Less: Sales Returns, Allowances and Discounts				0	
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)				45,061,188	
30 Less: Cost of Sales/Services				39,379,902	
31 Gross Income from Operation (Item 29 Less Item 30)				5,681,286	
32 Add: Other Taxable Income Not Subjected to Final Tax				29,931	
33 Total Taxable Income (Sum of Items 31 and 32)				5,711,217	
Less: Deductions Allowable under Existing Law					
34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)				11,602,965	
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)				11,602,965	
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)				(5,891,748)	
40 Applicable Income Tax Rate				20 %	
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)				0	
42 MCIT Due (2% of Item 33)				114,224	
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)				114,224	
Less: Tax Credits/Payments (attach proof)					
44 Prior Year's Excess Credits Other Than MCIT				597,728	
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				0	
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter				350,183	
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)				947,911	
56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)				(833,687)	
Part V - Tax Relief Availment					
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. 1702-RT January 2018(ENCS) Page 3		Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P3	
Taxpayer Identification Number (TIN)			Registered Name		
000 - 897 - 448 - 000			HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILS		
Schedule I - Ordinary Allowable Itemized Deductions (Attach additional sheet/s, if necessary)					
1 Amortizations				0	
2 Bad Debts				0	
3 Charitable Contributions				13,799	
4 Depletion				0	
5 Depreciation				266,997	
6 Entertainment, Amusement and Recreation				234,944	
7 Fringe Benefits				0	
8 Interest				0	
9 Losses				0	
10 Pension Trust				0	
11 Rental				0	
12 Research and Development				0	
13 Salaries, Wages and Allowances				4,240,488	
14 SSS, GSIS, Philhealth, HDMF and Other Contributions				426,435	
15 Taxes and Licenses				166,892	
16 Transportation and Travel				225,190	
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				702,500	
c Security Services				0	
d HONORARIUM				3,958,715	
e TELEPHONE AND COMMUNICAITONS				140,607	
f FINES AND PENALTIES				19,106	
g SUBSCRIPTION AND MEMBERSHIP DUES				270,535	
h OFFICE SUPPLIES				151,521	
i MISCELLANEOUS EXPENSES				785,236	
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17i) (To Part IV Item 34)				11,602,965	
Schedule II - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)					
Description		Legal Basis		Amount	
1				0	
2				0	
3				0	
4				0	
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 35)				0	

BIR Form No. 1702-RT January 2018(ENCS) Page 4		Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P4			
Taxpayer Identification Number (TIN)			Registered Name				
000 - 897 - 448 - 000			HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILS				
Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)							
1 Gross Income (From Part IV Item 33)				5,711,217			
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)				11,602,965			
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)				(5,891,748)			
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 2025		5,891,748		0			
5 2024		2,238,548		0			
6 2023		25,481,845		0			
7 2022		7,037,384		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		5,891,748			
5		0		2,238,548			
6 0		0		25,481,845			
7 7,037,384		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 2022		0		1,320		1,320	
2 2024		0		157,628		157,628	
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		1,320		0		0	
2 0		0		0		157,628	
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				(5,265,176)			
Add: Non-deductible Expenses/Taxable Other Income							
2 NON DEDUCTIBLE EXPENSES				89,881			
3				0			
4 Total (Sum of Items 1 to 3)				(5,175,295)			
Less: A) Non-Taxable Income and Income Subjected to Final Tax							
5 INTEREST INCOME SUBJECT TO FINAL TAX				716,453			
6				0			
B) Special Deductions							
7				0			
8				0			
9 Total (Sum of Items 5 to 8)				716,453			
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)				(5,891,748)			

HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

AND

REPORT OF THE INDEPEDNET AUDITOR

(IN PIHILIPPINE PESO)

CONTENTS:

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR INCOME TAX RETURN

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITOR

REPORT OF INDEPENDENT AUDITOR

STATEMENT OF FINANCIAL POSITION

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

STATEMENT OF CASH FLOWS

NOTES TO FINANCIAL STATEMENTS



Health Care & Development Corporation of the Philippines
Subsidiary of Perpetual Help Delta Medical Center, Inc.
7th Floor Medical Arts Bldg., Perpetual Help Medical Center – Las Piñas

Alabang - Zapote Road, Pamplona III, Las Piñas City
Tel No. 874-8515 loc. 656, 657 Direct Line: 871-3014

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

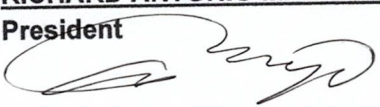
The management of **Health Care and Development Corporation of the Philippines** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all the information and representations contained in the financial statements accompanying the Annual Income tax Return Information Sheet covering the same reporting period. Furthermore, the management is responsible for all the information and representations contained in all 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, 2025 and the accompanying Annual Income Tax Returns are in accordance with the books and records of **Health Care and Development Corporation of the Philippines** complete and correct in all material respects. Management likewise affirms that:

- a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No.8-2007 and other relevant issuances;
- c. The **Health care and Development Corporation of the Philippines** 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.


PERLA B. SAN JUAN
Chief Finance Officer


RICHARD ANTONIO M. TAMAYO
President


DR. ANTONIO L. TAMAYO
Chairman of the Board/CEO

April 29, 202
Las Pinas City



Health Care & Development Corporation of the Philippines
Subsidiary of Perpetual Help Delta Medical Center, Inc.
7th Floor Medical Arts Bldg., Perpetual Help Medical Center – Las Piñas

Alabang - Zapote Road, Pamplona III, Las Piñas City
Tel No. 874-8515 loc. 656, 657 Direct Line: 871-3014

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES is responsible for the preparation and fair presentation of the financial statements for the years ended **December 31, 2025** and **2024**, 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 going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

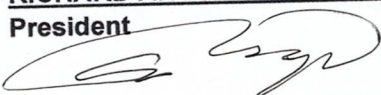
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Paguio, Dumayas & Associates, CPAs, the independent auditors appointed by the stockholders for the years ended **December 31, 2025** and **2024**, respectively, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.


PERLA B. SAN JUAN
Chief Finance Officer


RICHARD ANTONIO M. TAMAYO
President


DR. ANTONIO L. TAMAYO
Chairman of the Board/CEO

April 29, 2026
Las Pinas City

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

The Stockholders and the Board of Directors HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES

7th Floor Medical Arts Building
UPHDMC Compound, Alabang Zapote Road
Pamplona 3, Las Piñas City

We have audited the financial statements of **HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES** for the year ended **December 31, 2025**, on which we have rendered the attached report dated April 29, 2026.

In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Company has a total of four (4) stockholders owning one hundred (100) or more shares each.

PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)

Tax Identification Number 008-662-265-000

BIR Accreditation No. 08-800011-000-2025, February 3, 2025, valid until February 2, 2028

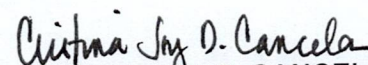
SEC Accreditation No. 5614-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025

BOA Accreditation No. 5614, March 1, 2026 valid until February 28, 2029

BSP Accreditation No. 5614-BSP (Group B), valid for 2021 to 2025 financial statements audit

CDA Accreditation No. 124-AF, January 15, 2025 valid until January 14, 2030

For the Firm:


CRISTINA JOY D. CANCELA

Senior Partner

CPA Certificate No. 144101

Tax Identification Number 426-848-021-000

BIR Accreditation No. 08-800011-003-2025, February 3, 2025, valid until February 2, 2028

BOA Accreditation No. 5614/P-003, March 1, 2026 valid until February 28, 2029

CDA Accreditation No. 1929, October 15, 2024, valid until October 14, 2029

IC Accreditation No. IC-EA-2025-0085-N (Group A), valid for 2025 to 2027 financial statements audit

BSP Accreditation No. 144101-BSP (Group B), valid for 2021 to 2025 financial statements audit

PTR No. 5087829, issued on January 14, 2026, Muntinlupa City

April 29, 2026

Muntinlupa City, Metro Manila

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors **HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES**

7th Floor Medical Arts Building
UPHDMC Compound, Alabang Zapote Road
Pamplona 3, Las Piñas City

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of **HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES** (the Company), which comprise the statements of financial position as at **December 31, 2025** and **2024**, and the statements of income, statements of changes in stockholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at **December 31, 2025** and **2024**, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

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

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

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

NOT VALID WITHOUT SEAL

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

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high-level of assurance but is not a guarantee that an audit is 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 the users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and to 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 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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

NOT VALID WITHOUT SEAL

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under Revenue Regulation 15-2010 in Note 21 to the financial statements, is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the Management. 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.

PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)

Tax Identification Number 008-662-265-000

BIR Accreditation No. 08-800011-000-2025, February 3, 2025, valid until February 2, 2028

SEC Accreditation No. 5614-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025

BOA Accreditation No. 5614, March 1, 2026 valid until February 28, 2029

BSP Accreditation No. 5614-BSP (Group B), valid for 2021 to 2025 financial statements audit

CDA Accreditation No. 124-AF, January 15, 2025 valid until January 14, 2030

For the Firm:

Cristina Joy D. Cancela
CRISTINA JOY D. CANCELA

Senior Partner

CPA Certificate No. 144101

Tax Identification Number 426-848-021-000

BIR Accreditation No. 08-800011-003-2025, February 3, 2025, valid until February 2, 2028

BOA Accreditation No. 5614/P-003, March 1, 2026 valid until February 28, 2029

CDA Accreditation No. 1929, October 15, 2024, valid until October 14, 2029

IC Accreditation No. IC-EA-2025-0085-N (Group A), valid for 2025 to 2027 financial statements audit

BSP Accreditation No. 144101-BSP (Group B), valid for 2021 to 2025 financial statements audit

PTR No. 5087829, issued on January 14, 2026, Muntinlupa City

April 29, 2026

Muntinlupa City, Metro Manila

NOT VALID WITHOUT SEAL

HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILIPPINES

STATEMENTS OF FINANCIAL POSITION As of December 31, 2025 and 2024

Amounts in Philippine Peso

	Notes	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	6	16,588,268	18,829,120
Membership fees receivable	7	17,877,891	9,112,905
Deposit to health care providers	8	3,807,440	51,061
Financial Asset at Amortized Cost	9	4,997,528	5,000,490
Other current assets	10	2,583,670	739,130
		45,854,797	33,732,706
Non-Current Assets			
Property and equipment	11	910,203	460,386
Advances to related parties	12, 19	914,897	914,897
Deferred tax assets	20	7,934,827	9,015,794
		9,759,927	10,391,077
TOTAL ASSETS		55,614,724	44,123,783
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Claims reserves	13	8,978,365	12,546,947
Membership fee reserves	14	17,654,650	18,204,361
Accounts and other payables	15	3,255,558	2,446,279
		29,888,573	33,197,586
Non-Current Liabilities			
Deposit for Future Stock Subscription	21	8,207,820	8,000,000
		8,207,820	8,000,000
TOTAL LIABILITIES		38,096,393	41,197,586
Stockholders' Equity			
Share capital	16	10,000,000	10,000,000
Deposit for Future Stock Subscription	16	22,008,400	14,008,400
Contingency Surplus	16	13,186,800	-
Retained earnings		(27,676,868)	(21,082,203)
TOTAL STOCKHOLDERS' EQUITY		17,518,332	2,926,197
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		55,614,724	44,123,783

See accompanying notes to financial statements

HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILIPPINES

STATEMENTS OF INCOME
For the years ended December 31, 2025 and 2024

Amounts in Philippine Peso

	Notes	2025	2024
MEMBERSHIP FEES	14	45,061,188	47,684,914
UNDERWRITING EXPENSES	17	(39,379,903)	(47,623,956)
GROSS PROFIT		5,681,285	60,958
OTHER INCOME		29,931	29,412
ADMINISTRATIVE EXPENSES	18	(11,692,846)	(10,268,092)
INTEREST INCOME	6	716,454	583,794
INCOME (LOSS) BEFORE INCOME TAX		(5,265,176)	(9,593,928)
INCOME TAX EXPENSE		-	-
Current		134,298	116,759
Final		1,195,191	(422,057)
Deferred		1,329,489	(305,298)
NET INCOME (LOSS)		(6,594,665)	(9,288,630)

See accompanying notes to financial statements

HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILIPPINES

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in Philippine peso)

	Notes	2025	2024
Share capital paid-up			
Authorized 100,000 shares at P100 par value			
Subscribed 100,000			
Issued and Fully paid -100,000 shares	2 , 16	10,000,000	10,000,000
		10,000,000	10,000,000
Deposit for Future Stcok Subsription		22,008,400	14,008,400
Contingency Surplus		13,186,800	-
		35,195,200	14,008,400
Retained Earnings-Beginning	2	(21,082,203)	(11,793,573)
Add: Net Income (Loss) for the year	2	(6,594,665)	(9,288,630)
		(27,676,868)	(21,082,203)
STOCKHOLDERS' EQUITY-DECEMBER 31		17,518,332	2,926,197

See accompanying notes to financial statements

HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILIPPINES

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2025 and 2024

Amounts in Philippine Peso

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(5,265,176)	(9,593,928)
Adjustments for:			
Depreciation	11	266,997	76,549
Interest expense		-	-
Interest income	6	(716,454)	(583,794)
Operating cash flows before changes in working capital		(5,714,633)	(10,101,173)
(Increase) Decrease in operating assets:			
Membership fee receivables	7	(8,764,986)	5,035,413
Deposit to health care providers	8	(3,756,379)	(20,496)
Financial Asset at Amortized Cost	9	2,962	(5,000,490)
Other current assets	10	(1,844,539)	(1,715)
Increase (Decrease) in operating liabilities:			
Claims reserves	13	(3,568,582)	(4,919,400)
Membership fee reserves	14	(549,711)	(5,661,256)
Accounts and other payables	15	809,279	424,644
Deposit for Future Stock Subscription	16	207,820	12,508,400
Net cash provided by (used in) operations		(23,178,768)	(7,736,074)
Interest income received	6	716,454	583,794
Income taxes paid		(248,523)	(274,387)
Net cash used in operating activities		(22,710,837)	(7,426,667)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	11	(716,814)	(182,893)
Net cash used in investing activities		(716,814)	(182,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest expense paid		-	-
Additional Cash Infusion	16	21,186,800	-
Advances to related parties	12, 19	-	550,000
Net cash provided by financing activities		21,186,800	550,000
NET INCREASE IN CASH		(2,240,851)	(7,059,560)
CASH AT BEGINNING OF YEAR		18,829,120	25,888,681
CASH AT END OF YEAR	6	16,588,268	18,829,120

See accompanying notes to financial statements

HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILIPPINES

NOTES TO FINANCIAL STATEMENTS
As of and for the years ended December 31, 2025 and 2024
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES (the "Company") was established in Philippines and registered with the Securities and Exchange Commission (SEC) on May 9, 1980 per Registration No. 92775.

The Company is organized primarily to provide an institutional medium for care, development and management of human resources as they relate to the health of the individual, family, group and organization in all aspect affecting their productivity – physical, mental, professional and other aspects of their well-being.

The Company was issued by the Insurance Commission (IC) the Certificate of Registration and License to Act as a Health Maintenance Organization (HMO) per Reg. No. HMO-2024-04-R valid from January 01, 2024 until December 31, 2026, unless sooner suspended or revoked for cause.

The registered address of the Company is located at 7th Floor MAB Building, PHMC Real Street, Pamplona III, Las Piñas City.

The accompanying financial statements of the Company for the years ended December 31, 2025 and 2024 were approved and authorized for issue by the Board of Directors on April 29, 2026.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including the SEC provisions.

The Company qualifies as Small Entity (SE) based on the criteria set by the SEC under SRC Rule 68, as amended. However, under the said rules, as a holder of secondary license from Insurance Commission the financial statements of the Company shall be prepared using PFRS as financial reporting framework.

Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, except where a Financial Reporting Standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and change in fair value of the consideration received in exchange for incurring a liability.

The financial statements have been presented in Philippine Peso, which is the functional currency of the Company. All values are rounded to the nearest peso, except when otherwise indicated.

Use of Estimates and Judgments

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

Judgments are made by management in the development, selection and disclosure of the Company's significant accounting policies and estimates and the application of these policies and estimates. The estimates and assumptions are reviewed on an ongoing basis. These are based on management's

evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

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

Current versus Non-current Classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

The Company classifies all other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS.

Effective for annual periods beginning on or after January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS

The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*.

The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is "material" if omitting, misstating

or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Effective for annual periods beginning on or after June 1, 2020:

- Amendments to PFRS 16, *Leases - Covid-19 Related Rent Concessions*.

The amendments provide practical expedient to lessees from applying the requirements on lease modifications under PFRS 16 for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments do not affect lessors. Earlier application of the amendments is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have a material effect on the financial statements of the Company.

Amended PFRS Issued but Not yet Effective

Relevant new and amended PFRS, which are not yet effective for the year ended December 31, 2020 and have not been applied in preparing the financial statements, are summarized below.

Effective beginning on or after January 1, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*

The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

Effective beginning on or after January 1, 2023

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

On October 17, 2024, the Insurance Commission (IC) issued Circular Letter (CL) No. 2024-20 requiring Health Maintenance Organization (HMOs) to adapt Philippine Financial Reporting Standards (PFRS) 17 starting January 01, 2027 in their Audited Financial Statements (AFS).

The new CL modifies CL No. 2022-12 thus, deferring the implementation date of PFRS 17 from January 01, 2025 to January 01, 2027. It also provides, however, that HMOs shall not be precluded from early implementation of PFRS 17 before January 01, 2024

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

The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

Annual Improvements to PFRS 2018 to 2020 Cycle:

- Amendments to PFRS 9, *Financial instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

- Amendments to PFRS 16, *Leases - Lease Incentives*

The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have a material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial instruments

Date of Recognition. The Company recognizes a financial assets or liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument.

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

Financial assets

In the case of regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVPL and (c) financial assets at FVOCI. The classification of financial asset largely depends on the Company's business model and its contractual cash flow characteristics.

The Company does not have financial assets measured at FVPL and FVOCI.

Financial assets at amortized cost. A financial asset should be measured at amortized cost if both of the following conditions are met:

- the financial asset is held with 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 any allowance for impairment. 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 year. Otherwise, these are classified as noncurrent assets.

Cash and cash equivalents. Cash includes cash on hand and in banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

The Company's short-term time deposits are classified under cash equivalents.

Impairment. Under PFRS 9, the Company recognizes an allowance for expected credit loss (ECL) for all debt instruments not measured at FVPL. Expected credit loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

Reclassification. The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting year following the change in business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in other comprehensive income, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the financial asset using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss should be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

Derecognition. 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

Classification. The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost or (b) financial liabilities at FVPL.

As at reporting date, the Company does not have financial liabilities measured at FVPL.

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 impaired or through the amortization process.

Derecognition. 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 profit or loss.

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.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Other current assets

Other current assets are carried at face value. These mainly consist of supplies, prepaid expenses, and input value-added tax (VAT).

Supplies. Supplies are carried at cost and are recognized as expense upon consummation.

Prepaid expenses. Prepaid expenses are expenses paid in advance and recorded as asset before these are utilized. Prepaid expenses are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepaid expenses that are expected to be realized for no more than 12 months after the financial reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Value-added tax (VAT). Revenue, expenses and assets are recognized, net of the amount of VAT, except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority; or
- receivables and payables that are stated with the amount of tax included.

Property and equipment

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

The initial cost of property and equipment comprises of its purchase price 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 operations, such as repairs and maintenance, are normally recognized as expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets ranging from 2 – 5 years.

The estimated useful lives and depreciation and amortization are reviewed and adjusted, if appropriate, at each reporting date to ensure that such years and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer being used and no further depreciation and amortization are credited or charged to profit or loss.

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (measured as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the item is derecognized.

Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of the recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged against operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

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. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, depreciation and amortization is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Equity

Capital stock and additional paid-in capital. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value of shares is credited to additional paid-in capital.

Retained earnings. Retained earnings represent the cumulative balance of net income or loss, dividend distributions, correction of prior year errors, effects of changes in accounting policy and other capital adjustments.

Dividend distribution. Dividend distribution to the Company's stockholders is recognized as a liability and deducted from equity in the year in which the dividends are declared as approved by the Company's BOD. Dividends that are approved after the reporting year are dealt with as an event after the reporting year.

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 performs 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 following specific recognition criteria must also be met before revenue is recognized:

Membership fee. Membership fees arising from HMO agreements are recognized as revenue over the period of the membership. Unearned membership fees are set up to recognize the portion of membership fees received or collected yet still unearned as of the reporting date.

The changes in membership fees pertaining to membership fees earned during the year are recognized as revenue under membership fees in the statement of income.

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield of the asset.

Cost of services

Cost of services are recognized for all costs directly related to the contract, including all claims incurred, estimates of medical care services that have been rendered on behalf of the members but for which claims have either not been reported or processed, related internal and external claims handling costs that are directly related to the servicing, processing and settlement of claims, and any adjustments to claims outstanding from previous years.

General and administrative expenses

Expenses are recognized in the income statement when a decrease in the future economic benefit related to a decrease in asset or an increase of a liability has arisen that can be measured reliably. General and administrative expenses are recognized when incurred.

Employee benefits

Short-term employee benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Income taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at end of the reporting year.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 future 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 the end of each

reporting period and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Related party relationship and transactions

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals who, by owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to 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 financial statements when an inflow of economic benefits is probable.

Events after the reporting date

Events after the reporting date that provide additional information about the Company's financial position at the end of the reporting year (adjusting events) are reflected in the financial statements when material. Events after the reporting date that are non-adjusting events are disclosed in the notes to financial statements when material.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in accordance with PFRS requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments

In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Determining the classification of financial instruments

The Company exercises judgments in classifying a financial instrument on initial recognition either 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, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

In addition, the Company classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Estimates and assumptions

The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results could differ from those estimates. Presented below are the relevant significant estimates performed by management in preparing the financial statements.

Estimation of medical claims, including IBNR

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of IBNR, which is determined by the Company using an actuarial process. It can take a significant amount of time before the ultimate claims cost can be established with certainty.

The Company provides for IBNR for the estimated ultimate cost of all claims incurred but not settled at the reporting date for all in-force agreements as of reporting date. The estimate is based on factors such as reporting date time lag, claim backlogs and on the claims incurred and reported during the year.

Recognition of deferred income tax assets

Deferred income tax assets are recognized to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilized. Significant management judgement is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future profits together with future tax planning strategies.

6. CASH AND CASH EQUIVALENTS

	2025	2024
Petty cash fund and cash on hand	P 16,070	P 16,070
Cash in banks	2,157,868	4,742,525
Cash equivalents	14,414,330	19,071,015
	P 16,588,268	P 23,829,610

Cash in banks represents cash and deposits with several local and commercial banks in terms of savings and current accounts. Cash equivalents are short-term time deposits subject to 1% to 4.75% interest rate per annum. Interest income earned from bank deposits gross of final taxes amounted to **₱716,454** and **₱583,794** in **2025** and **2024**, respectively.

Petty cash fund pertains to working capital funds wherein small amount of expenses are being disbursed.

7. **MEMBERSHIP FEES RECEIVABLE**

This account pertains to the fixed amount that the Company charges its clients for healthcare services as specified in the HMO Agreement which have accrued and uncollected as of the end of accounting period amounting to **₱17,877,891** and **₱9,112,905** as at December 31, **2025** and **2024**, respectively.

8. **DEPOSIT TO HEALTH CARE PROVIDERS**

This account represents funds deposited to healthcare providers to defray for the medical and hospitalization expenses of its members amounting to **₱3,807,440** and **₱51,061** as at **December 31, 2025** and **2024**, respectively.

9. **FINANCIAL ASSET AT AMORTIZED COST**

The debt securities amounting to **₱4,997,528** which the company recorded at amortized cost with a Face Value of **₱5,050,000** the difference represent bond discount to be amortized until maturity for **2025** and **₱5,000,490** for the year **2024**. The Company was invested to Government debt instrument in compliance with the security deposit requirement of the Insurance Commission per Circular Letter (CL) No. 2019-74.

10. **OTHER CURRENT ASSETS**

	2025	2024
Creditable withholding taxes	₱ 833,686	₱ 597,728
Accrued Interest Receivable	23,063	41,706
Miscellaneous Receivable - Others	74,462	99,696
Due From ASO Account	1,652,459	--0--
	₱ 2,583,670	₱ 739,130

The Due From ASO Account was being created to monitor the amount of advance Letter of Authority (LOA) of members from company's network service provider, Amaphil. This was deducted in the revolving fund though no documents yet presented. Upon issuance of LOA, Amaphil has to deduct the amount in the Company's claims fund (under Amaphil name). The amount will be returned in the fund within 90 days if it happened that the LOA of members was not used.

11. **PROPERTY AND EQUIPMENT**

	Office/Soft Equipt and Furniture	Transportation Equipment	Office Improvements	Office Furniture	Total
Cost:					
January 1, 2024	206,294	400,000	-	-	606,294
Additions	281,770	-	-	-	281,770
December 31, 2024	488,064	400,000	-	-	888,064
Additions	41,832	-	649,984	25,000	716,815

December 31, 2025	529,896	400,000	649,984	25,000	1,604,879
Accumulated Depreciation:					
January 1, 2024	71,169	279,961	-	-	351,130
Depreciation	6,549	70,000	-	-	76,549
December 31, 2024	77,718	349,961	-	-	427,679
Depreciation	149,182	50,039	64,998	2,778	266,997
December 31, 2025	226,900	400,000	64,998	2,778	694,676
Net carrying amount:					
December 31, 2024	410,347	50,039	-	-	460,386
December 31, 2025	302,996	-	584,985	22,222	910,203

12. ADVANCES TO RELATED PARTIES

	2025	2024
Beginning Balance	₱ 914,897	₱ 1,464,897
Amount credited – Due from Related Parties	-0-	550,000
	₱ 914,897	₱ 914,897

On September 2017, a property owned by the Company located at Brgy. Timbao, Biñan with an area of 12,470 sqm. were disposed and sold to a certain corporation. A portion of the proceeds amounting to P14,954,248 were advances to related parties. The advances from the related parties being credited were used by the Company to support and to meet various operations expenses mostly to overcome the higher risk of medical activities of members in the ordinary course of business.

13. CLAIMS RESERVE

	2025	2024
DUP and Medical & Hospital Bills	₱ 17,057	₱ 9,090,441
IBNR and claims handling reserves	8,961,308	3,456,506
	₱ 8,978,365	₱ 12,546,947

14. MEMBERSHIP FEE RESERVES

	2025	2024
Beginning balance	₱ 18,204,361	₱ 23,865,617
Membership fees during the year	44,511,477	42,023,658
Membership fees earned	(45,061,188)	(47,684,914)
Ending balance	₱ 17,654,650	₱ 18,204,361

15. ACCOUNTS AND OTHER PAYABLES

	2025	2024
Accounts payable -Trade	₱ 2,099,418	₱ 1,766,868
Commissions Payable	508,802	-0-
Output Tax payable	528,809	489,488
Withholding taxes payable	60,720	160,267
SSS, PHIC, HDMF contributions payable	15,810	14,040
SSS, HDMF loans payable	12,641	15,032
Other payables	29,358	584
	₱ 3,255,558	₱ 2,446,279

16. SHARE CAPITAL

	2025		2024	
	Shares	Amount	Shares	Amount
Authorized, subscribed and paid-up at ₱100 par value per share	100,000	₱ 10,000,000	100,000	₱ 10,000,000
Deposit for Future Stock Subscription		22,008,400		14,008,400
Contingency Surplus		13,186,800		-0-
	100,000	₱ 45,195,200	100,000	₱ 24,008,400

On Stockholder's meeting held on January 15, 2024 of which there is a quorum, the stockholders representing at least two-thirds (2/3) of the outstanding capital stock in person or by proxy, approved the increase of the corporation's authorized capital stock from Ten Million (P10,000,000.00) to Twelve Million (P12,000,000.00) the increase was likewise approved by at least majority of the directors. The actual subscription and additional cash infusion total P14,008,400.00.

On February 18, 2025, the Company filed its' Increase in Capitalization by way of Debt to Equity, from ₱10,000,000 to ₱32,008,400 compose of the following; Increased the Authorized Capital Stock to ₱12,000,000 and ₱20,008,400 will serve as Additional Paid-In Capital (APIC). These capital restructuring were still pending application with the Securities and Exchange Commission (SEC). The additional cash infusion invested by the stockholders will served as contingent surplus.

17. UNDERWRITING EXPENSES

	2025	2024
Healthcare benefits and claims	₱ 34,398,801	₱ 41,052,735
Commissions	4,791,376	4,570,131
Provision for IBNR and claims	-0-	1,988,007
Insurance	189,726	13,083
	₱ 39,379,453	₱ 47,623,956

18. ADMINISTRATIVE EXPENSES

	2025	2024
Salaries and benefits	₱ 4,240,488	₱ 6,647,943
Honorarium	3,958,715	1,285,710
Professional fees	702,500	619,286
Taxes and licenses (Note 21)	166,892	161,523
SSS, HDMF, PHIC contributions	426,435	479,810
Communication	140,607	103,451
Depreciation (Note 10)	266,997	76,549
Office supplies	151,522	239,304

	--0--	--0--
Power, light and water	234,945	140,994
Representation and entertainment	225,190	71,417
Transportation and travel	5,798	10,675
Bank charges	21,213	23,947
Gasoline and oil	-0-	65,891
Utilities	270,535	-0-
Subscription and Membership Dues	78,444	45,474
Repairs and maintenance	10,266	3,871
Postage	80,772	73,178
Advertising Expenses	7,630	-0--
Seminars and training	108,987	148,143
Fines and Penalties	594,910	70,926
Miscellaneous		
	₱ 11,692,846	₱ 10,268,092

19. RELATED PARTY TRANSACTIONS AND BALANCES

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

In the ordinary course of business, the Company transacts with its affiliates, and with certain directors, officers, stockholders, and other related interests. These transactions are made substantially on the same terms and conditions as transactions with other individuals and businesses of comparable risks.

The significant transactions and outstanding balances of the Company with the related parties follows:

Related Party	Nature of transaction	Year	Amount of transaction	Outstanding Balance		Terms and conditions
				Receivable	Payable	
		2025	P --0--	P 914,897	-	Unsecured non-interest bearing;
Affiliate companies	Advances to affiliates	2024	P --0--	P 914,897	-	No impairment

20. INCOME TAXES

Components of the Company's deferred tax assets follows:

	2025	2024
MCIT	₱ 271,853	₱ 158,948
NOLCO	7,662,974	8,856,846
	₱ 7,934,827	₱ 9,015,794

Components of the Company's MCIT and NOLCO that can be claimed as deduction from future taxable income follows:

MCIT:						
Year Incurred	Amount	Applied	Expired	Balance	Expiry Date	
2025	114,225			114,225	2028	
2024	157,628			157,628	2027	
2022	₱ 1,320	-	1,320	₱ -	2025	
Total	₱ 273,173	-	1,320	₱ 271,853		

NOLCO:						
Year Incurred	Amount	Applied	Expired	Balance	Expiry Date	

2025	5,891,748			5,891,748	2028
2024	2,238,548			2,238,548	2027
2023	₱ 25,481,845	-	-	₱ 25,481,845	2026
2022	7,037,384		7,037,384	-0-	2025
2021	4,702,727	-	-	4,702,727	2026
2020	3,858,976		3,858,976	-0-	2025
Total	₱ 49,211,228	-	10,896,360	₱ 38,314,868	

On March 26, 2021, the Republic Act (RA) 11534, known as "The Corporate Recovery or Tax incentives for Enterprises Act" (Create Act), was passed into law. The salient provisions of the Create Act applicable to the Company are as follows:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100,000,000, excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023;
3. Percentage tax reduced from 3% to 1% effective July 1, 2020, to June 30, 2023; and
4. The imposition of improperly accumulated earnings is repealed.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial instruments consist of cash and cash equivalents, deposits and claims payable. The main purpose of these financial instruments is to fund the Company's operations.

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the Board of Directors (BOD) and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial market.

The main financial risks arising from the financial instruments are credit risk and liquidity risk. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below:

Credit risk

Credit risk is the risk that the Company will incur a loss because its counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by doing business only with recognized, creditworthy third parties. Receivables are monitored on an on-going basis with the result that the Company's exposure to possible losses is not significant.

With respect to credit risk arising from cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to its carrying amount. Cash in bank is deposited with reputable commercial banks duly approved by management and is available for withdrawal.

Maximum credit risk is equal to the gross amount of these instruments as follows:

	2025	2024
Cash and cash equivalents	₱ 16,588,268	₱ 23,829,610
Membership fees receivable	17,877,891	9,112,905
Debt Securities	4,997,528	-
	₱ 39,463,687	₱ 32,942,515

The table below summarizes the Company's financial assets based on aging:

	Neither past	Past due but not	Past due and	Total
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		due nor impaired	impaired – Less than one year	impaired	
Cash and cash equivalents	₱	16,588,268	–	–	₱ 23,829,610
Membership fees receivable		17,877,891	–	–	9,112,905
Debt Securities		4,997,528	–	–	4,997,528
	₱	39,463,687	–	–	₱ 39,463,687

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

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

		Within three months	More than three months to one year	More than one year but less than five years	Total
Claims reserves	₱	8,978,365	–	–	₱ 8,978,365
Membership fee reserves		17,654,650	–	–	17,654,650
Accounts and other payables		3,255,558	–	–	3,255,558
		29,888,573			29,888,573

Capital Management

The Company maintains a capital base to cover inherent risks in the business. The primary objective of the Company's management is to ensure that it maintains a healthy capital in order to support its business and maximize shareholder value.

The Company considers the following as its capital:

		2025		2024
Capital stock	₱	10,000,000	₱	10,000,000
Deposit for Future Stock Subscription		22,008,400		14,008,400
Contingency Surplus		13,186,800		-0-
Retained earnings		(27,676,868)		(21,082,203)
	₱	17,518,332	₱	2,926,197

Regulatory Framework

Regulators are interested in protecting the rights of the enrolled members and maintain close vigil to ensure that the Company is satisfactorily managing the affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels.

The operations of the Company are subject to regulatory requirements of the Philippine Insurance Commission (IC). Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., financial capacity requirements).

Financial Capacity Requirements

The Insurance Commission (IC) provided financial capacity requirements for HMOs when it issued Circular Letter CL No. 2016-41 dated July 29, 2016. The circular was amended by CL No. 2017-50 dated October 30, 2017 and CL No. 2019-74 dated December 27, 2019. Further, a new amended Circular

Letter CL No. 2025-11 was released. The following summarizes the Company’s compliance with financial capacity requirements for HMOs in accordance with the said circulars:

Minimum paid-up capital

The minimum paid-up capital requirement for HMOs is at least ₱10,000,000 which the Company has excess capital and deficient amounting to **₱17,518,332** and ₱2,926,197 for the year **December 31, 2025** and December 31, 2024 respectively as indicated above.

During the year the Company infused an aggregate amount of ₱21,186,800.00 and recorded to Future Stock Subscription and Contingency Surplus respectively hence, the Company have no sufficient authorized Capital Stock to cover. On the meeting held on January 15, 2024, the Board of Directors and Stockholders of the Corporation have approved the increase of its authorized capital stock from ₱10,000,000.00 to ₱ 12,000,000 and additional cash infusion of ₱12,008,400 by way of debt to equity ratio.

On February 18, 2025, the Company filed its’ Increase in Capitalization by way of Debt to Equity, from ₱10,000,000 to ₱32,008,400 compose of the following; Increased the Authorized Capital Stock to ₱12,000,000 and ₱20,008,400 will serve as Additional Paid-In Capital (APIC). These capital restructuring were still pending application with the Securities and Exchange Commission (SEC). The additional cash infusion invested by the stockholders will served as contingent surplus.

Deposit requirement

The minimum deposit requirement is at least 25% of paid-up capital or ₱5,000,000, whichever is higher. In compliance with the said requirement the Company has time deposit in a trustee bank duly approved by the IC and presented in Other Current Assets – Debt Securities, recorded at amortized cost with a Face Value of **₱5,050,000.00**.

Net worth requirement

- a. All HMOs must maintain a net worth that is not lower than their actual paid up capital. Additionally, HMOs shall be classified into the following categories based on their net worth:

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

- b. In the examination of HMO's financial condition, assets of doubtful economic value and/or unsupported shall be considered unaccounted. Page 2 of 8 Liabilities not set up in the books as of a given accounting period shall be treated as non-ledger liabilities.

- c. If it is found that the net worth is less than the amount as required in this CL, the same shall be fully covered with a cash infusion to be contributed proportionately by the stockholders on record within fifteen (15) days of receipt of the advice from the Insurance Commission.

The Company’s net worth as of **December 31, 2025** and 2024 amounted to **₱17,518,332** and ₱2,926,197 respectively, which are above its paid-up capital and deficient respectively . The final net worth can be determined only after the accounts of the Company have been examined by the IC.

Risk-based capitalization (RBC)

- a. The HMO's maximum risk in gross membership fees shall be determined by the following:

<u>HMO Tier</u>	<u>Maximum Gross Membership Fees</u>
A	No limit
B	Ten (10) times the Net Worth
C	Five (5) times the Net Worth

For this purpose, gross membership fees pertain to the total annual fees arising from full-risk HIVO agreements of the pre-agreed set of health services.

- b. If upon examination, it is found that the total risk on membership fees exceeds the above Maximum Gross Membership Fees as required in this CL, the same shall be fully covered by cash infusion to be contributed proportionately by the stockholders on record within fifteen (15) days from receipt of notice from the Insurance Commission.

Gross membership fees pertain to the total annual fees arising from healthcare agreements of pre-agreed set of health services. Gross membership fees for the years **2025** and **2024** amounted to **₱45,061,188** and **₱47,684,914** respectively, which are below the maximum allowed gross membership fees of **₱52.55** million for **2025** or 3 times the Company's net worth. The final amount of gross membership fees can be determined only after the accounts of the Company have been examined by the IC.

Liquidity requirement

The Company's acid test ratio as of **December 31, 2025** and **2024** are **1.53** and **1.02**, respectively, in accordance with the said requirement. The final acid test ratio can be determined only after the accounts of the Company have been examined by the IC.

Based on current IC CL 2015-11, the company must comply with the following liquidity requirements:

- a. HMOs Acid Test Ratio (ATR) shall be computed using the following formula:

$$\text{ATR} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

- b. Depending on the Tier, HMOs shall at all times maintain an ATR based on the following:

HMO Tier	ATR
A	At least 1.0
B	At least 1.0
C	At least 1.75
D	At least 2.0

- c. Quick assets are composed of cash and other assets reasonably realizable in cash or intended for sale or consummation within 12 months after the reporting period identified and verified as such by the Commission, excluding prepaid or deferred charges for expenses and other similar assets.
- d. Current liabilities are composed of obligations reasonably expected to be settled within the normal business operating cycle that (i) are due within 12 months after the balance sheet date, (ii) are held primarily for the purpose of being traded, (iii) do not have an unconditional right to defer settlement of liability for at least 12 months after the reporting period, excluding unearned fees, incurred but not reported claims and margin for adverse deviation, that are identified and verified by the Commission as current liability.
- e. If upon examination of the HMO's financial condition, it is found that the ATR is less than the required ratio in this CL, HMOs may collect its long term receivables and/or liquefy non-current assets or infuse cash to be contributed proportionately by the stockholders on record within fifteen (15) days from receipt of notice from the Commission.

Declaration of dividends

All domestic HMOs are restricted from declaring dividends on its outstanding stocks unless the minimum paid-up capital and net worth requirements are met. The Company has not declared or paid any dividends for the periods presented.

22. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATION NO. 15-2010

Presented below are the supplementary information which are required by the Bureau of Internal Revenue (BIR) under existing revenue regulations to be disclosed as part of the notes to financial statements.

Details of the taxes and licenses account follows:

		2025		2024
Business permits and licenses	₱	126,492	₱	120,623
IC license and filing fees		40,400		40,400
Others		-0-		500
	₱	166,892	₱	161,523

Details of the withholding taxes remitted and Value-Added Tax during the year are as follows:

		2025		2024
Withholding tax on compensation	₱	112,289	₱	674,044
Expanded withholding tax		1,930,997		1,861,040
Value-Added Tax		3,808,458		5,406,399
	₱	5,851,744	₱	7,941,483

23. EVENTS AFTER THE REPORTING PERIOD

The Company now is in the process of filing with the SEC for the increase in Capital Stock as mention in Notes 20. An additional cash infusion amounting to P21,186,800 were advances by the Stockholders to cover the deficit on Equity and contemplating on more advances to sustain the operational requirement of the Company.

The company is in the process of preparing the required policies and procedures or even internal controls to strengthen the operation to support the implementation of IFRS 17 as required by the standard for the industry selling insurance product.