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Receipt Date and Time: May 30, 2025 11:09:07 AM

Company Information

SEC Registration No.: 0000141994

Company Name: MAXICARE HEALTHCARE CORP.

Industry Classification: N85190

Company Type: Stock Corporation

Document Information

Document ID: OST10530202583434849

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2024

Submission Type: Parent

Remarks: None

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Thu, May 29, 2025 at 5:07 PM

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Transaction Code: **AFS-0-DG979HG0MPMV3XYNPWNNXX409C5LHKH9**
Submission Date/Time: **May 29, 2025 05:07 PM**
Company TIN: **000-487-637**

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Transaction Code: **AFS-0-8DA5JLE803VZPV3N1M3YR4XQQ0ADDDAAE6**
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Transaction Code: **AFS-0-C87699EH0MWN3VWWVP2XMQRW0A9756KDF**

Submission Date/Time: **May 02, 2025 03:02 PM**

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Transaction Code: **AFS-0-2PRXMX2Q08K6E9D97NRZ1SMWN0MZX421WV**

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- EAFS000487637TCRTY122024-14.pdf
- EAFS000487637TCRTY122024-15.pdf

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Transaction Code: **AFS-0-PVR1WSZ20PTQRV312PZS3ZRWW02VT4RTWR**

Submission Date/Time: **May 02, 2025 05:19 PM**

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Transaction Code: **AFS-0-341S12XT06D6H9HC5QZNVTVYX0CD987ALA**

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Transaction Code: **AFS-0-C96GJ8H707DH79K6GQNTPMSX10AKFJFLBH**

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Transaction Code: **AFS-0-4S34MYMY0MNVZV1RZM342Q14404VNMYVR**

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- EAFS000487637TCRTY122024-34.pdf
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Transaction Code: **AFS-0-MNZRVY1T0A8B9K6DQ3SRQRSZ0BFJ5HLKF**

Submission Date/Time: **May 02, 2025 11:32 PM**

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Maxicare Healthcare Corp.
Maxicare Tower, 203 Salcedo Street
Legaspi Village, Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the financial statements of Maxicare Healthcare Corp. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2024 and 2023, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

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

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

In preparing the parent company financial statements, management is responsible for assessing the Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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





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

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 33 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Maxicare Healthcare Corp. The information has been subjected to the auditing procedures applied in our audit of the parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bernalette L. Ramos

Bernalette L. Ramos

Partner

CPA Certificate No. 0091096

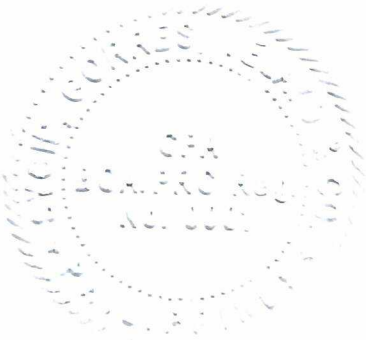
Tax Identification No. 178-486-666

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

BIR Accreditation No. 08-001998-081-2024, January 26, 2024, valid until January 25, 2027

PTR No. 10465367, January 2, 2025, Makati City

April 23, 2025



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of Maxicare Healthcare Corp. (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management 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 including the schedules attached therein and submits the same to the stockholders or members.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



Roberto M. Macasaet Jr.
Chairman of the Board of Directors



Christian S. Argos
President / Chief Executive Officer



Jasper Hendrik T. Cheng
Treasurer / Chief Financial Officer

Signed this Signed this 23rd day of April 2025

MAXICARE HEALTHCARE CORP.

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	January 1	
	2024	2023 (As restated - Note 2)	2023 (As restated - Note 2)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 6 and 30)	₱5,592,638,324	₱3,441,942,036	₱3,764,443,525
Short-term investments (Note 7)	727,143,771	1,760,298,861	2,028,872,303
Trade and other receivables – net (Notes 8 and 30)	8,565,561,559	7,634,214,742	7,451,424,831
Prepaid expenses and other current assets – net (Note 9)	1,447,500,325	1,126,075,188	576,622,134
	₱16,332,843,979	₱13,962,530,827	₱13,821,362,793
Noncurrent Assets			
Available-for-sale investments (Note 10)	6,276,675	6,276,675	10,276,675
Investments in associates (Note 11)	89,264,592	97,330,745	107,626,352
Investment in subsidiary (Note 12)	284,851,700	284,851,700	284,851,700
Property and equipment – net (Note 13)	1,581,153,821	1,279,803,962	680,004,660
Software costs – net (Note 14)	100,693,810	160,443,905	132,450,666
Investment properties (Note 15)	157,155,017	142,871,440	129,659,038
Retirement asset – net	–	–	52,623,431
Deferred tax assets – net (Note 17)	1,083,509,788	960,872,114	771,810,385
Other noncurrent assets – net (Note 18)	135,414,479	50,308,493	49,691,409
	3,438,319,882	2,982,759,034	2,218,994,316
TOTAL ASSETS	₱19,771,163,861	₱16,945,289,861	₱16,040,357,109
LIABILITIES AND EQUITY			
Current Liabilities			
Healthcare plan liabilities – net (Note 19)	₱12,526,687,014	₱11,400,650,425	₱9,961,043,474
Accrued liabilities and other payables (Note 20)	4,639,109,657	3,550,478,372	3,231,326,935
Lease liabilities – current portion (Note 21)	8,788,651	8,796,179	18,574,644
	₱17,174,585,322	₱14,959,924,976	₱13,210,945,053
Noncurrent Liabilities			
Loans payable (Note 22)	–	–	1,000,000,000
Retirement liability – net (Note 16)	36,820,055	253,096	–
Lease liabilities – noncurrent portion (Note 21)	26,682,465	22,075,188	24,618,445
Other noncurrent liabilities	61,643,017	56,595,496	55,471,216
	125,145,537	78,923,780	1,080,089,661
TOTAL LIABILITIES	₱17,299,730,859	₱15,038,848,756	₱14,291,034,714
Equity (Note 23)			
Capital stock			
Common	1,000,000,000	1,000,000,000	1,000,000,000
Preferred	850,000,000	850,000,000	–
Capital paid in excess of par value	176,766,604	176,766,604	26,766,604
Deposit for future stock subscriptions	–	–	500,000,000
Treasury stock	(36,702,230)	(36,702,230)	(36,702,230)
Share in remeasurement gain on retirement liability of an associate (Note 11)	277,567	312,203	319,939
Remeasurement gain on retirement plan (Note 16)	47,128,840	52,281,852	76,942,355
Revaluation surplus on property and equipment (Note 13)	717,190,499	494,463,099	–
Retained earnings (deficit)			
Appropriated	257,377,882	257,377,882	257,377,882
Unappropriated	(540,606,160)	(888,058,305)	(75,382,155)
TOTAL EQUITY	2,471,433,002	1,906,441,105	1,749,322,395
TOTAL LIABILITIES AND EQUITY	₱19,771,163,861	₱16,945,289,861	₱16,040,357,109

See accompanying Notes to Financial Statements.



MAXICARE HEALTHCARE CORP.
PARENT COMPANY STATEMENTS OF INCOME

	Years Ended December 31	
	2024	2023 (As restated - Note 2)
REVENUE		
Membership fees from medical plans – net (Notes 24 and 30)	₱27,841,484,672	₱24,748,132,515
Administrative services only and network access fees (Note 24)	391,663,303	287,006,060
	28,233,147,975	25,035,138,575
COST AND EXPENSES		
Healthcare benefits, claims and commissions (Note 25)	25,241,573,470	24,456,197,740
General and administrative expenses (Note 26)	2,260,900,833	1,376,286,018
Selling and marketing expenses (Note 27)	642,324,993	592,863,172
	28,144,799,296	26,425,346,930
OTHER INCOME (EXPENSE)		
Interest income (Notes 6 and 7)	314,030,067	293,493,409
Interest expense (Notes 21 and 22)	(2,525,655)	(41,800,464)
Others – net (Notes 13, 15 and 21)	46,547,871	53,995,220
	358,052,283	305,688,165
INCOME (LOSS) BEFORE SHARE IN NET LOSS OF ASSOCIATES	446,400,962	(1,084,520,190)
SHARE IN NET LOSS OF ASSOCIATES (Notes 11 and 30)	(8,031,517)	(3,251,884)
INCOME (LOSS) BEFORE INCOME TAX	438,369,445	(1,087,772,074)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 17)	93,988,958	(275,095,924)
NET INCOME (LOSS)	₱344,380,487	(₱812,676,150)

See accompanying Notes to Financial Statements.



MAXICARE HEALTHCARE CORP.**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
		2023
		(As restated -
	2024	Note 2)
NET INCOME (LOSS)	₱344,380,487	(₱812,676,150)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Item that may not be reclassified to profit or loss:		
Revaluation surplus on property and equipment (Note 13)	226,068,494	494,463,099
Change in remeasurement loss on retirement plan (Note 16)	(5,153,012)	(24,660,503)
Share in remeasurement loss on retirement liability of an associate (Note 11)	(34,636)	(7,736)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱565,261,333	(₱342,881,290)

See accompanying Notes to Financial Statements.



MAXICARE HEALTHCARE CORP.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 23)		Capital Paid in Excess of Par Value (Note 23)	Treasury Stock (Note 23)	Deposit for future stock subscriptions (Note 23)	Share in Remeasurement Gain (Loss) on Retirement Liability of an Associate (Note 11)	Remeasurement Gain (Loss) on Retirement Plan (Note 16)	Revaluation Surplus on Property and Equipment (Notes 13)	Appropriated Retained Earnings (Note 23)	Unappropriated Retained Earnings (Deficit) (Note 23)	Total
	Common	Preferred									
Balance at January 1, 2024, as previously reported	₱1,000,000,000	₱850,000,000	₱176,766,604	(₱36,702,230)	₱-	₱312,203	₱52,281,852	₱494,463,099	₱257,377,882	(₱943,413,607)	₱1,851,085,803
Effect of change in accounting policy (Notes 2 and 8)	-	-	-	-	-	-	-	-	-	55,355,302	55,355,302
Balance at January 1, 2024, as restated	₱1,000,000,000	₱850,000,000	₱176,766,604	(₱36,702,230)	₱-	₱312,203	₱52,281,852	₱494,463,099	₱257,377,882	(₱888,058,305)	₱1,906,441,105
Reversal of revaluation increment due to transfer	-	-	-	-	-	-	-	(1,037,350)	-	-	(1,037,350)
Annual transfer from asset revaluation surplus	-	-	-	-	-	-	-	(2,303,744)	-	3,071,658	767,914
Total comprehensive income (loss) during the year	-	-	-	-	-	(34,636)	(5,153,012)	226,068,494	-	344,380,487	565,261,333
Balance at December 31, 2024	₱1,000,000,000	₱850,000,000	₱176,766,604	(₱36,702,230)	₱-	₱277,567	₱47,128,840	₱717,190,499	₱257,377,882	(₱540,606,160)	₱2,471,433,002
Balance at January 1, 2023, as previously reported	₱1,000,000,000	₱-	₱26,766,604	(₱36,702,230)	₱500,000,000	₱319,939	₱76,942,355	₱-	₱257,377,882	(₱188,968,259)	₱1,635,736,291
Effect of change in accounting policy (Notes 2 and 8)	-	-	-	-	-	-	-	-	-	113,586,104	113,586,104
Balance at January 1, 2023, as restated	₱1,000,000,000	₱-	₱26,766,604	(₱36,702,230)	₱500,000,000	₱319,939	₱76,942,355	₱-	₱257,377,882	(₱75,382,155)	₱1,749,322,395
Issuance of subscribed capital	-	850,000,000	150,000,000	-	(500,000,000)	-	-	-	-	-	500,000,000
Total comprehensive income (loss) during the year	-	-	-	-	-	(7,736)	(24,660,503)	494,463,099	-	(812,676,150)	(342,881,290)
Balance at December 31, 2023	₱1,000,000,000	₱850,000,000	₱176,766,604	(₱36,702,230)	₱-	₱312,203	₱52,281,852	₱494,463,099	₱257,377,882	(₱888,058,305)	₱1,906,441,105

See accompanying Notes to Financial Statements.



MAXICARE HEALTHCARE CORP.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2024	2023 (As Restated - Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	₱438,369,445	(₱1,087,772,074)
Adjustments for:		
Interest income (Notes 6 and 7)	(314,030,067)	(293,493,409)
Provision for credit and other losses (Notes 8, 18 and 26)	176,856,773	14,333,977
Depreciation and amortization (Notes 13, 14 and 29)	129,123,665	149,278,934
Retirement and interest cost (Note 16)	29,696,277	19,995,857
Share in net loss of associates (Note 11)	8,031,517	3,251,884
Fair value gain of investment properties (Note 15)	(6,135,180)	(13,212,402)
Interest expense (Notes 21 and 22)	2,525,655	41,800,464
Loss (gain) on disposal of property and equipment (Note 13)	68,763	(699,783)
Operating income (loss) before working capital changes	464,506,848	(1,166,516,552)
Changes in operating assets and liabilities:		
Increase in:		
Trade and other receivables – net	(1,114,111,731)	(182,986,509)
Prepaid expenses and other current assets	(535,486,757)	(558,047,709)
Increase in:		
Healthcare plan liabilities – net	1,126,036,589	1,439,606,951
Accrued liabilities and other payables	1,103,043,627	319,467,319
Other noncurrent liabilities	5,047,519	1,124,279
Net cash generated from (used in) operations	1,049,036,095	(147,352,221)
Income taxes paid	(62,904,113)	(58,580,553)
Net cash provided by (used in) operating activities	986,131,982	(205,932,774)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Short-term investments (Note 7)	(1,491,131,673)	(4,568,302,003)
Software costs (Note 14)	–	(73,199,398)
Property and equipment – net (Note 13)	(75,419,100)	(44,730,910)
Proceeds from sale/maturities of:		
Short-term investments (Note 7)	2,524,286,763	4,836,875,445
Investment in associates (Note 11)	–	7,035,987
Property and equipment – net (Note 13)	2,428,656	5,050,981
Available-for-sale investments (Note 10)	–	4,000,000
Increase in noncurrent assets	(108,037,493)	(617,084)
Interest received	330,684,022	279,356,030
Net cash provided by investing activities	1,182,811,175	445,469,048
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital stock subscription (Note 23)	–	500,000,000
Payments of principal portion of:		
Lease liabilities (Notes 21 and 32)	(9,487,171)	(19,921,416)
Loans payable (Notes 22 and 32)	–	(1,000,000,000)
Interest paid on:		
Lease liabilities (Notes 21 and 32)	(2,525,655)	(2,946,609)
Loans payable (Notes 22 and 32)	–	(38,853,855)
Dividends (Note 32)	(6,234,043)	(315,883)
Net cash used in financing activities	(18,246,869)	(562,037,763)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,150,696,288	(322,501,489)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,441,942,036	3,764,443,525
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	₱5,592,638,324	₱3,441,942,036

See accompanying Notes to Financial Statements.



MAXICARE HEALTHCARE CORP.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Maxicare Healthcare Corp. (the Parent Company) was incorporated in the Philippines on June 30, 1987. Its primary purpose is to establish, maintain, conduct and operate a prepaid group practice healthcare delivery system. It provides medical plan members with integrated medical/dental and preventive healthcare services, facilities and assistance through its network of medical/dental specialists or hospitals. Upon enrolment, members become eligible to avail medical services covered by a plan.

As of December 31, 2024 and 2023, the Parent Company is co-owned by Pin-An Holdings Corporation and JE Holdings, Inc. with 42.31% equal ownership. Both companies were incorporated in the Philippines.

The Parent Company's registered office address is Maxicare Tower, 203 Salcedo Street, Legaspi Village, Makati City.

2. Material Accounting Policy Information

Basis of Preparation

The separate financial statements of the Parent Company have been prepared on a historical cost basis, except for quoted available-for-sale (AFS) investments, certain property and equipment and investment properties which are measured at fair value. The Parent Company's separate financial statements are presented in Philippine Peso (₱), which is the Parent Company's functional and presentation currency. Amounts are rounded to the nearest peso unless otherwise indicated.

Statement of Compliance

The accompanying parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. The Parent Company also prepares and issues consolidated financial statements for the same period as the parent company financial statements, which is also presented in compliance with PFRS Accounting Standards.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
The amendments clarify:
 - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.



- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. The Parent Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Parent Company's financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

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

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

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

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. On October 17, 2024, the Insurance Commission issued Circular Letter (CL) No. 2024-20, which revised the mandatory effective date of PFRS 17 for



Health Maintenance Organizations (HMOs) from January 1, 2025, as stated in CL No. 2022-12, to January 1, 2027.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2027, with comparative figures required. Early application is permitted.

The Parent Company has decided not to early adopt PFRS 17, foreseeing a significant impact on its financial statements due to the complexity and judgment required by the new standard. Additionally, the Parent Company is continuously assessing other changes under PFRS 17 and their impact on financial presentation and disclosure. The Parent Company established a transition program, dedicating significant resources to manage associated risks. Significant resources have undergone various training sessions and technical positions are underway. As of December 31, 2024, a reliable estimate of the impact to the Parent Company's financial statements arising from the initial application of PFRS 17 is not yet available.

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

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Accounting Standards Effective but not yet Adopted

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

Qualifying for temporary exemption from PFRS 9

The Parent Company applied the temporary exemption from PFRS 9 as permitted by the amendments to PFRS 4 Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts issued in September 2016. The temporary exemption permits entities whose activities are predominantly connected with insurance to continue applying PAS 39 rather than PFRS 9 for annual periods beginning before January 1, 2027.

The assessment for whether a reporting entity's activities are predominantly connected with insurance is based on the liabilities connected with insurance in proportion to the entity's total liabilities. An entity may elect the temporary exemption if, and only if:

- The carrying amount of its liabilities arising from contracts within the scope of PFRS 4 is significant compared to the total carrying amount of all its liabilities; and
- The percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all of its liabilities is:
 - Greater than 90 percent; or
 - Less than or equal to 90 percent but greater than 80 percent, and the insurer does not engage in a significant activity unconnected with insurance.



The predominance assessment is performed using the carrying amounts of liabilities reported on the statement of financial position at the annual reporting date December 31, 2015 and before December 31, 2021. Applying the requirements, the Parent Company performed the predominance assessment using the Parent Company's statement of financial position as of December 31, 2015.

The Parent Company concluded that it qualified for the temporary exemption from PFRS 9 because its activities are predominantly connected with insurance. As at December 31, 2015, the Parent Company's gross liabilities arising from contracts within the scope of PFRS 4 represented a significant portion of the total carrying amount of all its liabilities, and the Parent Company did not engage into any significant activities not connected with insurance. Since December 31, 2015, there has been no change in the activities of the Parent Company that requires reassessment of the use of the temporary exemption.

Restatement of Prior Year's Financial Statements

On February 14, 2024, the Financial and Sustainability Reporting Standards Council (FSRSC) approved Philippine Interpretations Committee (PIC) Q&A No. 2024-01, Accounting for Experience Refund and No-Claims Bonus. The effective date of this Q&A should be applied for annual reporting periods beginning on or after January 1, 2024 in accordance with PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

With the changes set forth by PIC Q&A No. 2024-01, if the experience refund or no-claims bonus is contingent upon contract renewal, the amount of experience refund or no-claims bonus shall be treated as a reduction from premium income or membership fee income in the renewal contract. This treatment reflects the Parent Company's reassessment based on favorable claims experience in the prior year.

In 2024, the Parent Company assessed that this PIC Q&A has a material impact on its financial statements. Hence, the change in accounting for Client Experience Refund has been applied retrospectively.

Below is the summary of the above restatements on the Parent Company's statement of financial position as of January 1, 2023 and December 31, 2023 and statement of income for the year ended December 31, 2023:

	As at December 31, 2023		
	As previously reported	Effect of change in accounting policy	As restated
Statements of Financial Position			
Increase (decrease) in:			
Trade and other receivables – net	₱7,560,407,673	₱73,807,069	₱7,634,214,742
Deferred tax assets – net	979,323,881	(18,451,767)	960,872,114
Deficit	(943,413,607)	(55,355,302)	(888,058,305)
For the year ended December 31, 2023			
	As previously reported	Effect of change in accounting policy	As restated
Statements of Income			
Increase (decrease) in:			
Membership fees from medical plans – net	₱24,825,773,584	(₱77,641,069)	₱24,748,132,515
Income tax benefit	255,685,657	19,410,267	275,095,924



	As at January 1, 2023		
	As previously reported	Effect of change in accounting policy	As restated
Statements of Financial Position			
Increase (decrease) in:			
Trade and other receivables – net	₱7,299,976,692	₱151,448,139	₱7,451,424,831
Deferred tax assets – net	809,672,420	(37,862,035)	771,810,385
Deficit	(188,968,259)	(113,586,104)	(75,382,155)

In 2023, the above adjustments resulted in an increase in net loss by ₱58.2 million.

Material Accounting Policies

Product Classification

For purposes of complying with the provisions of PFRS 4, the Parent Company classifies its health care products as insurance contracts on a product per product basis. Under PFRS 4, insurance contracts are defined as those contracts under which the Parent Company (the insurer) accepts significant insurance risk from another party (the members) by agreeing to compensate the members if a specified uncertain future event (the insured event) adversely affects the member. As a general guideline, the Parent Company measures the significance of insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or has expired.

As provided under PFRS 4, this product classification exercise is solely for accounting purposes and does not make the Parent Company an insurance company for statutory or regulatory purposes. The Parent Company is an HMO duly licensed by the IC and as such, it is authorized to underwrite, offer and sell HMO products. Under existing IC regulations, HMO products are defined as pre-agreed or designated healthcare services to enrolled members for a fixed pre-paid fee for a specified period of time through the use of a selected network of health care providers. An HMO product provides a wide array of medical, surgical and hospital services that include preventive care and wellness programs and generally does not require initial cash-out from members. As such, the Parent Company's HMO agreements and products although accounted as insurance contracts should not be deemed as contracts to compensate its members should an insured event/s occur adversely affecting its members.

Fair Value Measurement

For measurement and disclosure purposes, the Parent Company determines the fair value of an asset or liability at initial measurement date or at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Parent Company.

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



If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

External valuers are involved for valuation of land, building and condominium units under property and equipment and buildings under investment properties.

For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in Note 5.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Financial instruments are recognized in the statement of financial position when the Parent Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments

All financial instruments, including trading and investment securities and loans and receivables, are initially measured at fair value. Except for financial assets and liabilities at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. The Parent Company classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. Financial liabilities are classified into liabilities at FVPL and other financial liabilities at amortized cost. The classification depends on the purpose for which the investments were acquired and whether they were quoted in an active market.

Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every statement of financial position date.

As of December 31, 2024 and 2023, the Parent Company has no financial assets and liabilities at FVPL and HTM investments.

'Day 1' difference

Where the transaction price in a non-active market is different with the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Parent Company recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income unless it qualifies as some other type of asset. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Parent Company determines the appropriate method of recognizing the 'Day 1' difference amount.



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 with original maturities of up to three months or less and that are subject to an insignificant risk of change in value.

Short-term investments

Short-term investments are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of more than ninety (90) days but less than one year from dates of placement. These earn interests at the respective short-term investment rates.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS investments or financial assets at FVPL. This accounting policy relates to the Parent Company's statement of financial position captions 'Trade and other receivables'.

Medical plan receivables are recognized when the Parent Company becomes a party to the contract and represents the total membership fees stated in the HMO Agreement which is uncollected as at the statement of financial position date, net of Client Experience Refund (CER) and Allowance for Credit and Impairment Losses (ADA). Administrative Services Only (ASO) receivables, excess utilization and other trade receivables arise when the Parent Company provides money and goods, and renders services directly to a debtor.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any allowance for credit and impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included in 'Interest income' in the statement of income. The losses arising from impairment of such loans and receivables are recognized in the statement of income.

AFS investments

AFS investments are those non-derivative financial assets that are designated as such or do not qualify as financial assets at FVPL, HTM investments or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. They include government debt securities, equity instruments and other debt instruments.

After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses being recognized directly in equity as other comprehensive income (OCI) under 'Net unrealized gain or loss on AFS investments'. When the investment is disposed of, the cumulative gain or loss previously recorded in OCI is recognized in the statement of income. Interest earned on the investment is reported as interest income using the EIR method. Dividends earned on investments are recognized in the statement of income when the right to receive has been established.

These financial assets are classified as noncurrent assets unless there is intention to dispose of such assets within twelve (12) months from the statement of financial position date. When the fair value of AFS investments cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost.



Other financial liabilities at amortized cost

Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Parent Company having an obligation either to pay in cash or another financial asset for a fixed number of own equity shares.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the EIR. Any effects on restatement of foreign currency-denominated liabilities are recognized in the statement of income.

This accounting policy applies primarily to statement of financial position captions, ‘Accrued liabilities and other payables’ and, ‘Lease liabilities’ ‘Loans payable’ and ‘Other non-current liabilities’, that meet the above definition (other than liabilities covered by other accounting standards, such as retirement liability, income tax payable and deferred tax liabilities). Financial liabilities under ‘Accrued liabilities and other payables’ caption include trade payables, accrued expenses, dividends payable, commission payable, deposit from customers and other payables.

Offsetting Financial Instruments

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

The Parent Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Parent Company and all of the counterparties.

Derecognition of Financial Assets and Liabilities

Financial assets

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

- the right to receive cash flows from the asset have expired;
- the Parent Company retains the right to receive cash flows from the 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 Parent Company has transferred its right to receive cash flows from the 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 Parent Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.



Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Impairment of Financial Assets

The Parent Company assesses at each statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

For financial assets carried at amortized cost, the Parent Company first assesses at each statement of financial position date whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Parent Company determines that no objective evidence of impairment exists for individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the statement of income.

Interest income continues to be recognized based on the original EIR of the asset. Trade and other receivables, together with the associated allowance accounts, are written off, when there is no realistic prospect of future recovery and all collateral, if any, has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a write-off is later recovered, any amounts formerly charged are credited to 'Provision for credit and other losses' included under the 'General and administrative expenses' in the statement of income.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the



current EIR, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as type of borrower, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Parent Company to reduce any differences between loss estimates and actual loss experience.

A provision for credit and other losses is made when there is objective evidence based on specific and collective assessment (such as the probability of insolvency or significant financial difficulties of the debtor) that the Parent Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account.

AFS investments

For AFS investments, the Parent Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. In case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of income is removed from OCI and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income. Increases in fair value after impairment are recognized directly in equity as OCI.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of 'Interest income' in the statement of income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment loss is reversed through the statement of income.

Prepaid expenses and other current assets

Prepaid expenses

Prepaid expenses are initially recorded as an asset and measured at the amount of cash paid. Subsequently, these are charged in the statement of income as these are consumed in operations or



expire with the passage of time depending on the terms of the related agreements, if covered by a contract. These include prepayments for utilities, rent, and other services paid in advance.

Other current assets

Other current assets are composed of advances made to the counterparties for property taxes and recurring services including repairs and maintenance.

Creditable withholding taxes

Creditable withholding taxes represent amounts withheld by the Parent Company's counterparties in relation to the fees paid. Subsequently, these amounts are applied against the Parent Company's income tax due.

Property and equipment

The Parent Company has elected to use the revaluation model for land, building and condominium units under property and equipment while other classes of property and equipment are measured using the cost model.

Cost model

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation and amortization are computed on a straight-line basis over the expected useful life (EUL) of the assets. The EUL of the assets follows:

Transportation equipment	5 years
Medical equipment	5 years
Office equipment	3 years
Furniture and fixtures	3 years
Computer and peripherals	3-5 years
Leasehold improvements	5 years or the term of the lease, whichever is shorter

The EUL, residual value and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Revaluation model

Management determined that land, building and condominium units constitute a separate class of property and equipment based on the nature, characteristics and risks of the property. The Parent Company re-assessed its accounting for land, building and condominium units with respect to measurement of a certain class of property and equipment after initial recognition. The Parent



Company had previously measured all property and equipment using the cost model whereby, after initial recognition of the assets classified as property and equipment, the assets were carried at cost less accumulated depreciation and accumulated impairment losses.

After initial recognition, land, building and condominium units are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses (see Note 13). Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation and amortization are computed based on the remaining useful life of the asset. The EUL of the assets follows:

Building	10-25 years
Condominium units	10-20 years

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

Right-of-use assets

The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use) and as part of property and equipment. Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets, as follows:

Office space	1-15 years
Motor vehicles	1-3 years

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



The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

Software Costs

Costs that are directly associated with identifiable and unique software controlled by the Parent Company and will generate economic benefits exceeding costs beyond one year are recognized as intangible assets. Software cost includes computer software to be used in operations which are accounted for under the cost model.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred. Subsequently, software is measured at cost less accumulated amortization and accumulated impairment losses, if any.

Research costs associated with acquiring the computer programs are recognized as expenses when incurred.

Software costs are amortized on a straight-line basis over the EUL of five (5) years as these intangible assets are considered finite.

Investment Properties

Properties held for long term rental yields or for capital appreciation or for both, are classified as investment properties. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model as explained in Note 5.

Investment properties are derecognized when either disposed of or permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in the statement of income in the year of derecognition.

Rental income from investment properties is recognized in the statement of income on a straight-line basis over the lease term. Expenses related to investment properties are treated as ordinary operating expenses and are recognized when incurred.

Investments in Associates

An associate pertains to an entity over which the Parent Company has significant influence but not control, generally accompanying a shareholding of between 20.0% and 50.0% of the voting rights. If the Parent Company holds, directly or indirectly, 20.0% or more of the voting power of the investee, it is presumed that the Parent Company has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the Parent Company holds, directly or indirectly, less than 20.0% of the voting power of the investee, it is presumed that the Parent Company does not have significant influence, unless such influence can be clearly demonstrated.

PAS 28.6 states that the existence of significant influence by an entity is usually evidenced in one or more of the following ways:

- a) representation on the board of directors or equivalent governing body of the investee;
- b) participation in policy-making processes, including participation in decisions about dividends or other distributions;



- c) material transactions between the entity and its investee;
- d) interchange of managerial personnel; or
- e) provision of essential technical information

In the parent company financial statements, investments in associates are accounted for under the equity method of accounting. Under the equity method, investments in associates are carried in the parent company statement of financial position at cost plus post-acquisition changes in the Parent Company's share of the net assets of the associates. Goodwill relating to an associate is included in the carrying value of the investment and is not amortized. The Parent Company's share in an associate's post-acquisition profits or losses is recognized in the parent company statement of income, and its share of post-acquisition movements in the associate's OCI is recognized directly in equity as OCI. When the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains and losses resulting from transactions between the Parent Company and an associate are eliminated to the extent of the interest in the associate.

When an investment ceases to be an associate and is accounted for in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, the fair value of the investment at the date when it ceases to be an associate shall be regarded as its fair value on initial recognition as a financial asset in accordance with PAS 39.

Investment in Subsidiary

Investment in shares of stock of a subsidiary is accounted for using the cost method. Under this method, the investment is recognized at cost and income from investment is recognized in the statement of income only to the extent that the investor receives distribution from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of a subsidiary to bring its accounting policies into line with the Parent Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Parent Company are eliminated in full on consolidation.



If the Parent Company loses control over a subsidiary, it: (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary; (b) derecognizes the carrying amount of any noncontrolling interest; (c) derecognizes any accumulated other comprehensive income related to the subsidiary; (d) recognizes the fair value of the consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; and (g) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Other Noncurrent Assets

Other noncurrent assets include prepayments, rental and lease deposits, and software and applications under systems and development. These are classified as noncurrent since the Company expects to utilize the said assets beyond one (1) year after the end of the financial reporting period.

Impairment of Non-Financial Assets

Prepaid expenses and other current assets, Property and equipment, Investment properties, Investment in associates, Investment in subsidiary and Other current and non-current assets

At each statement of financial position date, the Parent Company assesses whether there is any indication that its assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Parent Company makes a formal estimate of the recoverable amount. Recoverable amount is the higher of an asset's (or cash-generating unit) 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. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) 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 (or cash-generating unit).

An impairment loss is charged to 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.

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

Leases

Parent Company as lessee

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



i) Lease liabilities

At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating the lease, if the lease term reflects the Parent Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

ii) Short-term leases and leases of low-value assets

The Parent Company applies the short-term lease recognition exemption to its short-term leases of equipment and the room accommodation of some employees (i.e., those leases that have a lease term of less than 12 months from the commencement date and do not contain a purchase option). It also applies to the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Parent Company as lessor

Leases in which the Parent Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Healthcare Plan Liabilities – net

Membership Fee Reserves (MFR)

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

UMFR and URR

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



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

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

Provision for URR

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

Claims Reserves and Margin for Adverse Deviation (MfAD)

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

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

ICOS pertains to the liabilities for which claims have already been received from hospitals, doctors and other healthcare providers but are neither adjudicated nor paid as at the statement of financial position date. This is included as part of "Claims reserves" under "Healthcare plan liabilities" in the statement of financial position.

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

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

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

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



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

ASO funds

ASO funds pertain to the contributions of clients which are held and managed by the Parent Company for the purpose of defraying the medical and hospitalization expenses of its enrolled member of the client under ASO Agreement. ASO Funds are presented, net of ASO receivables from clients.

Other noncurrent liabilities

Other noncurrent liabilities comprise of other liabilities which are expected to be settled in more than one (1) year.

Equity

Capital stock is measured at par value and is classified as equity for all shares issued and subscribed. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of stocks issued. When the shares are sold at a premium, the difference between the proceeds and par value is credited to ‘Capital paid in excess of par value’, net of direct costs incurred related to the equity issuance. If ‘Capital paid in excess of par value’ is not sufficient, the excess is charged against surplus.

Retained earnings represent accumulated earnings of the Parent Company less any dividends declared.

Appropriation of retained earnings is recognized based on the provisions of the Corporation Code of the Philippines and by approval of the Parent Company’s Board of Directors (BOD). The Parent Company’s BOD releases retained earnings from the appropriation when the purpose of such appropriation has been completed or changed.

Deposit for future stock subscriptions represents the additional capital invested by the stockholders that will be credited to capital stock upon approval by the SEC of the Parent Company’s application for increase in its authorized capital stock. On March 16, 2023, the SEC approved the Parent Company’s application for an increase in authorized capital stock.

The Parent Company shall classify a contract to deliver its own equity instruments under equity as a separate account (e.g., Deposit for Stock Subscription) from “Outstanding Capital Stock” if and only if, all of the following elements are present as at statement of the financial position:

1. The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
2. There is Board of Directors’ approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation)
3. There is stockholders’ approval of said proposed increase; and
4. The application for the approval of the proposed increase has been filed with the Commission.

Dividend Distribution

A dividend distribution to the Parent Company’s shareholders is accounted for as a deduction from retained earnings. A cash dividend is recognized as a liability in the period in which it is approved by the BOD. A stock dividend is recognized as an addition to capital stock.



Treasury Stock

Treasury stock is recorded at cost and is presented as a deduction from equity. Any consideration paid or received in connection with treasury shares are recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given:

- (a) capital paid in excess of par value to the extent of the specific or average additional paid-in capital when the shares were issued; and
- (b) retained earnings.

When shares are sold, the treasury stock account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to capital paid in excess of par value.

Transaction costs incurred, such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.

No gain or loss is recognized in the statement of income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those services.

Administrative fees

The Parent Company holds and manages corporate funds for medical and hospitalization expenses referred to as ASO funds. Administrative fees are mainly a percentage of the ASO fund utilization, which is recognized upon billing and upon the transfer of services to customers. Other rider fees are recognized upon billing and upon the transfer of services such as dental, accidental death and dismemberment (AD&D), and retainer services.

Network access fees

Network access fees are non-refundable one-time access fees which are recognized immediately.

Revenues outside the scope of PFRS 15

Membership fees

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

Interest income

Interest income is recognized using the EIR method.



Rental income

Rental income from investment properties is recognized in the statement of income on a straight-line basis over the lease term. Lease incentives are recognized as an integral part of the total rent income. Rental income is presented under 'Others – net' in the statements of income.

Dividend income

Dividend income is recognized when the shareholder's right to receive the payment is established. Dividend income is presented under 'Others – net' in the statements of income.

Penalty charges

Penalty is imposed upon default of payment subject to commercial and business consideration of management. Penalty is recognized when collection is probable and amount can be measured reliably. Penalty is presented under 'Others – net' in the statements of income.

Expense Recognition

Expenses are recognized when it is probable that decrease in future economic benefits related to decrease in asset or an increase in liability has occurred and that the decrease in economic benefits can be measured reliably. Expenses that may arise in the course of ordinary activities of the Parent Company include costs for operating, general and administrative expenses, and selling and marketing expenses.

Healthcare benefits and claims

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

Commissions

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

The Parent Company need not to disclose the information, but shall disclose the general nature of the dispute, together with the fact that and the reason why, the information has not been disclosed in cases where the disclosure of some or all information required can be expected to prejudice the position of the Parent Company in disputes with other parties in the subject matter of the provisions, contingent liabilities or contingent assets.



Retirement Cost

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the statement of financial position date reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit cost consists of the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service cost, which includes current service cost, past service cost and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service cost is recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the statement of income in subsequent periods. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

The fund assets are valued by the fund manager at fair value using the market-to-market valuation. While no significant changes in asset allocation are expected in the next financial year, the plan's trustees may make changes at any time. To efficiently manage the retirement plan, the Parent Company ensures that the investment positions are managed in accordance with its asset-liability matching strategy to ensure that long-term investments are in line with the obligation under the retirement scheme. This strategy aims to match the plan assets to the defined benefit obligation by



investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Parent Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the defined benefit obligation. In view of this, investments are made in reasonably diversified portfolios, such that the failure of any single investment would not have a material impact on the overall level of plan assets.

Income Taxes

Income tax for the year comprises current, deferred tax and final tax. Income tax is determined in accordance with Philippine tax law. Income tax is recognized in the statement of income, except to the extent that it relates to OCI items which is recognized directly in the statement of comprehensive income.

Current tax

Current tax assets and liabilities for the current and the prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that have been enacted or substantively enacted as at the statement of financial position date.

Deferred tax

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

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise 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 income nor taxable income.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position 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 income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as at the statement of financial position date.

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

Current tax and deferred tax relating to items recognized directly in equity as OCI is also recognized in equity as OCI and not in the statement of income.



3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from these estimates, and such estimates will be adjusted accordingly.

Judgments

a) *Distinction between investment properties and owner-occupied properties*

The Parent Company determines whether a property will be classified as an investment property or owner-occupied property. In making this judgment, the Parent Company considers whether the property (land or building - or part of a building - or both) will be held to earn rentals or for capital appreciation or both (Investment properties) or whether it will be held for use in the production or supply of goods or services or for administrative purposes (owner-occupied properties). The Parent Company considers each property separately in making its judgment.

As of December 31, 2024 and 2023, the fair value of investment properties amounted to ₱157.2 million and ₱142.9 million, respectively (see Note 15).

b) *Provisions and contingencies*

The estimate of the probable costs of the resolution of possible claims has been developed in consultation with outside counsel handling the Parent Company's defense in these matters and is based upon an analysis of potential results. The Parent Company is a party to certain lawsuits or claims arising from the ordinary course of business. The Parent Company's management and legal counsel believe that the amount of provisions recognized from these lawsuits or claims is reasonable given the circumstances (see Note 31).

c) *Existence of lease on agreements*

The Parent Company has entered into various agreements. Critical judgment was exercised by Management to distinguish whether an agreement contains an element of lease. An agreement or contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Failure to make the correct judgment may result in an understatement of assets and liabilities. Based on management evaluation, other than the lease arrangements entered into by Parent Company as lessee, all other agreements do not contain an element of a lease contract.

d) *Determining the lease term of contracts with renewal and termination options – Parent Company as lessee*

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

The Parent Company has several lease contracts that include renewal and termination options. The Parent Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Parent Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to



exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Based on management's judgment, the renewal and termination options are not considered in determining the lease term, since the control of renewal and termination options cannot be solely implemented by the Parent Company as these are subject to the mutual consent of both parties.

e) Recognition of deferred tax assets

The carrying value of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. The recognized and unrecognized deferred tax assets are disclosed in Note 17.

f) Determination of significant influence over Maxilife

In 2022, the Parent Company invested ₱100.0 million in Maxilife representing 5% equity ownership. Under PAS 28, a holding of 20% or more of the voting power of the investee (held directly or indirectly, through subsidiaries) is presumed to give rise to significant influence, unless it can be clearly demonstrated that this is not the case. Although there is a presumption that an investor that holds less than 20% of the voting power in an investee does not have significant influence, careful judgment is needed to assess whether significant influence may still exist if one of the following indicators are present:

- a. representation on the board of directors or equivalent governing body of the investee;
- b. participation in policy-making processes, including participation in decisions about dividends or other distributions;
- c. material transactions between the entity and its investee;
- d. interchange of managerial personnel; or
- e. provision of essential technical information.

Based on the Parent Company's assessment, all indicators of significant influence are present, thus, the investment in Maxilife is classified as an Investment in Associate with less than 20% ownership. As of December 31, 2024 and 2023, the carrying value of investment in Maxilife amounted to ₱85.9 million and ₱94.5 million, respectively (see Note 11).

Estimates

a) Determination of estimated IBNR claims, claims handling expense reserve and MfAD

These costs are actuarially determined for future payments on claims that have been incurred but have not been reported to estimate the Parent Company's obligation for healthcare services that have been rendered to its members and re-opened claims disputes that may occur in the future. The Parent Company's Actuarial Division developed its estimate using Chain Ladder Method, a standard actuarial methodology in calculating the IBNR reserves, which has been consistently applied and centrally controlled. The actuarial model considers the lag time factor or the difference between the date of service and claim receipt. The process is based on the principle that factors affecting payment progression for a given claim are modeled by an assumed pattern. Each period, the Parent Company's Actuarial Division re-examines previously established IBNR claims based on actual claim submissions and other changes in facts and circumstances such as membership count changes, provider contract rate changes, medical care consumption and other medical cost trends. As the estimated liability recorded in prior period is actualized, the Parent Company adjusts this estimated liability by increasing or decreasing it accordingly.



Estimated IBNR claims are sensitive to the key assumptions pertaining to certain utilization patterns such as preference for hospitals, hospital rates inflation, and morbidity trends of some viral infections. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding estimated claims are not known with certainty at the reporting date. Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognized in subsequent financial statements.

Claims handling expense pertains to the estimated amount of expenses for settling all claims incurred, both reported and unreported, outstanding as at the statement of financial position date. The estimate is based on claims handling factors determined using the standard unit costs of adjudicating and settling the various types of claims.

MfAD is estimated using Bootstrapping method to bring the actuarial best estimate of the HMO Agreement liabilities at the 75th percentile level of sufficiency.

Accrued IBNR claims as of December 31, 2024 and 2023 amounted to ₱1.1 billion and ₱964.5 million, respectively (see Note 19).

b) Estimation of projected fund withdrawals

The Parent Company estimates its projected fund withdrawal is calculated using the same principles in the calculation of the “Claims reserves” under “Healthcare plan liabilities” in the statement of financial position.

The projected fund withdrawals as of December 31, 2024 and 2023 are ₱268.7 million and ₱271.3 million, respectively (see Note 19).

c) Credit losses on trade and other receivables

Provisions are made for accounts specifically identified to be doubtful of collection. The level of this allowance is evaluated by management based on past collection experience and other factors that affect the collectability of the accounts.

Carrying value of trade receivables amounted to ₱7.5 billion and ₱7.4 billion, net of allowance for credit losses of ₱1.4 billion and ₱1.3 billion, as of December 31, 2024 and 2023, respectively (see Note 8).

Carrying value of non-trade receivables amounted to ₱1.1 billion and ₱235.7 million, net of allowance for credit losses of ₱31.1 million and ₱13.4 million, as of December 31, 2024 and 2023, respectively (see Note 8).

d) Estimation of retirement benefits

The cost of defined retirement pension plan and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and the long-term nature of these plans, such estimates are subject to significant uncertainty.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the statement of financial position date.



Net retirement liability amounted to ₱36.8 million and ₱0.3 million as of December 31, 2024 and 2023, respectively. The present value of defined benefit obligation amounted to ₱258.9 million and ₱233.6 million as of December 31, 2024 and 2023, respectively (see Note 16).

e) Estimation of incremental borrowing rate

The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Parent Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as to reflect the terms and conditions of the lease).

The Parent Company’s lease liabilities (current and non-current) amounted to ₱35.5 million and ₱30.9 million as of December 31, 2024 and 2023, respectively, with a weighted incremental borrowing rate of 7.42% and 7.53% in 2024 and 2023, respectively (see Note 21).

f) Revaluation of property and equipment

The Parent Company carries some of its property and equipment at fair value. Changes in fair value are recognized in the statements of comprehensive income. The valuation methods used are “Market (Data) Approach” and “Cost Approach” (see Note 5).

The Parent Company engaged an independent valuation specialist to assess fair values as of December 31, 2024 and 2023 for some of its property and equipment.

As of December 31, 2024 and 2023, the fair values of land, building and condominium units under ‘property and equipment – net’ amounted to ₱1.4 billion and ₱1.1 billion, respectively (see Note 13).

4. Financial Risk Management Objectives and Policies

Governance Framework

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

Healthcare Risk

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

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



Financial Risk

The Parent Company's principal financial instruments consist of cash in banks, cash equivalents, short-term deposits and excess cash, which are invested mainly in government securities and low-risk commercial papers. These financial assets are substantially classified as AFS financial assets.

The Parent Company also has other financial assets and financial liabilities such as trade receivables and other receivables and trade and loans payables, which arise directly from operations and whose carrying amounts approximate their fair values because of their short-term nature. The most significant financial risks to which the Parent Company is exposed to are described below.

Credit risk

Credit risk is the risk that the Parent Company will incur losses because its obligors failed to discharge their contractual obligations. This risk may further be classified as pre-settlement and settlement risk (PSR and SR, respectively). PSR is the risk that the obligor will fail to meet the terms of the contract and default before the contract's settlement date, prematurely ending the contract. SR, on the other hand, is the risk that the obligor will fail to deliver the terms of a contract with the Parent Company at the time of settlement. SR can be the risk associated with default at settlement and any timing differences in settlement between the Parent Company and the counterparty. The management therefore carefully assesses and manages its exposures to both types of credit risk.

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

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

Management of credit risk

Credit risk is managed through periodic review of the status of existing accounts receivable using the aging analysis and fund balance reports.

Credit quality

The Parent Company grades its financial assets that are neither past due nor impaired as *Standard grade* wherein the risk elements of the Parent Company are sufficiently pronounced and counterparties could withstand normal business cycles but any prolonged unfavorable economic scenario would create an immediate deterioration beyond acceptable levels.

The tables below show the credit quality of financial assets gross of allowance, based on the Parent Company's internal credit rating system:

	2024			Total
	Standard grade	Past due but not individually impaired	Past due and impaired	
Loans and receivables				
Cash and cash equivalents (excluding cash on hand)	₱5,590,526,753	₱-	₱-	₱5,590,526,753
Short-term investment	727,143,771	-	-	727,143,771
Trade receivables				
Medical plans*	5,611,065,447	1,504,551,659	1,259,870,840	8,375,487,946
ASO receivables	62,739,027	141,768,759	94,231,360	298,739,146
Excess utilization	2,704,006	65,585,211	12,861,823	81,151,040
Others	12,106,741	106,175,566	81,850,651	200,132,958
Non-trade receivables				
Deposits to healthcare providers	452,053,264	-	3,301,490	455,354,754
Accrued interest receivables	23,247,079	-	-	23,247,079
Bid deposits and bond securities	473,841	-	11,513,431	11,987,272
Due from officers and employees	5,542,427	-	7,008,646	12,551,073
Onsite medical services	4,290,450	-	-	4,290,450
Due from clinics and affiliate	1,577,154	-	-	1,577,154
Others	500,128,267	71,598,357	9,302,512	581,029,136
Other noncurrent assets				
Rental and lease deposits	17,605,024	-	13,507,274	31,112,298
	₱13,011,203,251	₱1,889,679,552	₱1,493,448,027	₱16,394,330,830

*Gross of accrued client experience refund reserve amounting to ₱0.05 million



	2023			Total
	Standard grade	Past due but not individually impaired	Past due and impaired	
Loans and receivables				
Cash and cash equivalents (excluding cash on hand)	₱3,439,292,248	₱-	₱-	₱3,439,292,248
Short-term investment	1,760,298,861	-	-	1,760,298,861
Trade receivables				
Medical plans*	5,728,697,410	1,178,469,259	1,198,520,129	8,105,686,798
ASO receivables	119,171,857	113,205,448	89,642,667	322,019,972
Excess utilization	12,858,122	40,709,734	12,235,503	65,803,359
Others	4,703,314	233,350,095	-	238,053,409
Non-trade receivables				
Deposits to healthcare providers	122,349,906	-	-	122,349,906
Accrued interest receivables	39,901,034	-	-	39,901,034
Bid deposits and bond securities	782,737	4,192,893	7,450,386	12,426,016
Due from officers and employees	9,348,806	-	-	9,348,806
Onsite medical services	6,130,863	-	-	6,130,863
Due from clinics and affiliate	573,056	-	-	573,056
Others	3,624,960	48,787,415	5,981,109	58,393,484
Other noncurrent assets				
Rental and lease deposits	29,153,059	-	2,761,460	31,914,519
	₱11,276,886,233	₱1,618,714,844	₱1,316,591,254	₱14,212,192,331

*Gross of accrued client experience refund reserve amounting to ₱32.6 million

The tables below show the analysis of the age of financial assets that are past due but not individually impaired:

	2024			Total
	Less than 30 days	31 to 90 days	More than 90 days	
Trade receivables				
Medical plans	₱713,237,857	₱381,440,505	₱409,873,297	₱1,504,551,659
ASO receivables	7,066,560	42,842,585	91,859,614	141,768,759
Excess utilization	1,739,578	1,551,513	62,294,120	65,585,211
Others	4,747,447	4,795,449	96,632,670	106,175,566
Non-trade receivables				
Others	-	1,134	71,597,223	71,598,357
	₱726,791,442	₱430,631,186	₱732,256,924	₱1,889,679,552

	2023			Total
	Less than 30 days	31 to 90 days	More than 90 days	
Trade receivables				
Medical plans	₱360,690,865	₱316,902,171	₱500,876,223	₱1,178,469,259
ASO receivables	21,563,854	9,511,265	82,130,329	113,205,448
Excess utilization	3,210,357	1,059,456	36,439,921	40,709,734
Others	38,992,530	17,596,380	176,761,185	233,350,095
Non-trade receivables				
Bid deposit	-	-	4,192,893	4,192,893
Others	-	27,614	48,759,801	48,787,415
	₱424,457,606	₱345,096,886	₱849,160,352	₱1,618,714,844

The Parent Company considers the existing credit term extended to customers to be sound, which are mostly corporate accounts. Payment modes are either on an annual basis or installment basis, such as semi-annual, quarterly or monthly basis, depending on the agreement and the size of the account. As services are generally on a one-year contract basis, the credit term extended to customers is being reviewed upon renewal or acquisition of a new account. In case of payment default, corresponding penalty or suspension clause in the service agreement shall apply, subject to commercial and business consideration by management.



With respect to credit risk arising from the other financial assets of the Parent Company, which comprise cash and cash equivalents, AFS investments and trade and other receivables, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The maximum credit risk exposure of the Parent Company's financial assets is the carrying amounts of the financial assets as shown in the statement of financial position. Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount. The Parent Company's cash and cash equivalents are classified as high grade in terms of credit quality.

Management believes that the provision for credit and other losses is stated with sufficiency along with the reported receivables.

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from: (a) inability to sell financial assets quickly at their fair values; (b) counterparties failing on repayment of contractual obligations; (c) healthcare agreement liabilities falling due for payment earlier than expected; or (d) inability to generate cash inflows as anticipated.

The Parent Company's objective is to maintain sufficient liquidity level in order to match currently maturing obligations, which is mainly to its healthcare providers and suppliers based on the standard credit term of thirty (30) days. Operating cash is deposited with banks while excess funds are invested in highly liquid, low-risk, and market-yielding outlets, which are short-term deposits. Since the services offered by the Parent Company are rendered on a prepaid basis, the actual benefit payments for services covered under the healthcare plan may be more than the benefit payments due.

A medical claim may also occur for which there is uncertainty over its amount and timing, which may exceed the carrying amount of medical plan liabilities and are influenced by, among others, the frequency and nature of claims and actual benefits paid. However, we believe that these assumed risks from some HMO Agreements are redistributed across a larger and diversified portfolio of HMO agreements which serves to mitigate said risks.

The tables below show the maturity profile of the Parent Company's financial instruments based on contractual undiscounted cash flows:

	2024						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
Financial Assets							
Cash and cash equivalents	P1,329,141,415	P-	P4,263,496,909	P-	P-	P-	P5,592,638,324
Short-term investment	-	-	-	176,946,566	550,197,205	-	727,143,771
AFS investments							
Quoted equity assets	-	-	-	-	-	103,750	103,750
Unquoted equity securities	-	-	-	-	-	6,172,925	6,172,925
Trade and other receivables							
Trade receivables							
Medical plans	6,567,187,244	1,641,949,995	166,305,011	-	-	-	8,375,442,250
ASO receivables	255,494,633	39,423,750	3,820,763	-	-	-	298,739,146
Excess utilization	78,119,612	2,772,621	258,807	-	-	-	81,151,040
Others	193,426,373	6,527,161	179,424	-	-	-	200,132,958
Non-trade receivables							
Deposits to healthcare providers	455,354,754	-	-	-	-	-	455,354,754
Due from clinics and affiliates	1,577,154	-	-	-	-	-	1,577,154
Bid deposits and bond securities	11,513,431	-	-	-	-	473,841	11,987,272
Accrued interest receivables	23,247,079	-	-	-	-	-	23,247,079
Due from officers and employees	12,551,073	-	-	-	-	-	12,551,073
Onsite medical services	3,946,195	344,255	-	-	-	-	4,290,450
Others	580,900,869	128,267	-	-	-	-	581,029,136
Other noncurrent assets							
Rental and lease deposits	-	-	-	-	-	31,112,298	31,112,298
	P9,512,459,832	P1,691,146,049	P4,434,060,914	P176,946,566	P550,197,205	P37,862,814	P16,402,673,380



Financial Liabilities							
Healthcare plan liabilities							
Due and unpaid claims	-	1,056,269,037	-	-	-	-	1,056,269,037
ASO funds	491,321,949	-	-	-	-	-	491,321,949
Trade payable	-	1,228,849,521	-	-	-	-	1,228,849,521
Commission payable	-	105,734,705	-	-	-	-	105,734,705
Lease liabilities	-	691,223	2,102,205	2,166,258	3,828,965	26,682,465	35,471,116
Accrued expenses	-	1,914,159,347	-	-	-	-	1,914,159,347
	₱491,321,949	₱4,305,703,833	₱2,102,205	₱2,166,258	₱3,828,965	₱26,682,465	₱4,831,805,675

Excess of Financial Assets over Liabilities								₱11,570,867,705
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	2023						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
Financial Assets							
Cash and cash equivalents	₱824,023,541	₱303,925	₱2,617,614,570	₱-	₱-	₱-	₱3,441,942,036
Short-term investment	-	-	-	674,656,140	1,085,642,721	-	1,760,298,861
AFS investments							
Quoted equity assets	-	-	-	-	-	103,750	103,750
Unquoted equity securities	-	-	-	-	-	6,172,925	6,172,925
Trade and other receivables							
Trade receivables							
Medical plans	7,102,980,643	514,681,674	381,575,245	-	-	-	7,999,237,562
ASO receivables	303,310,045	13,105,582	5,604,345	-	-	-	322,019,972
Excess utilization	63,731,612	1,370,111	701,636	-	-	-	65,803,359
Others	238,053,409	-	-	-	-	-	238,053,409
Non-trade receivables							
Deposits to healthcare providers	122,349,906	-	-	-	-	-	122,349,906
Due from clinics and affiliates	573,056	-	-	-	-	-	573,056
Bid deposits and bond securities	11,643,279	159,800	545,438	77,499	-	-	12,426,016
Accrued interest receivables	39,901,034	-	-	-	-	-	39,901,034
Due from officers and employees	9,348,806	-	-	-	-	-	9,348,806
Onsite medical services	6,130,863	-	-	-	-	-	6,130,863
Others	58,393,484	-	-	-	-	-	58,393,484
Other noncurrent assets							
Rental and lease deposits	-	-	-	-	-	31,914,519	31,914,519
	₱8,780,439,678	₱529,621,092	₱3,006,041,234	₱674,733,639	₱1,085,642,721	₱38,191,194	₱14,114,669,558

Financial Liabilities							
Healthcare plan liabilities							
Due and unpaid claims	-	269,563,799	-	-	-	-	269,563,799
ASO funds	474,840,743	-	-	-	-	-	474,840,743
Trade payable	-	1,019,046,108	-	-	-	-	1,019,046,108
Commission payable	-	101,166,846	-	-	-	-	101,166,846
Lease liabilities	-	1,563,245	2,822,083	1,661,258	2,749,593	22,075,188	30,871,367
Accrued expenses	-	1,147,207,878	-	-	-	-	1,147,207,878
	₱474,840,743	₱2,538,547,876	₱2,822,083	₱1,661,258	₱2,749,593	₱22,075,188	₱3,042,696,741

Excess of Financial Assets over Liabilities								₱11,071,972,817
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Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk).

a) Foreign currency risk

Foreign exchange is the risk to earnings or capital arising from changes in foreign exchange rates. The Parent Company takes on exposure to effects of fluctuations at the prevailing foreign currency exchange rates on its financial and cash flows.

The Parent Company's principal transactions are carried out in Philippine Peso and its foreign exchange risk arises primarily with respect to US dollar-denominated deposits with minimal balances equivalent to ₱37.0 million and ₱31.3 million for 2024 and 2023 respectively. The Parent Company's financial assets are primarily denominated in the same currency as its healthcare agreements, which mitigate the foreign exchange rate risk.

As of December 31, 2024 and 2023, the Parent Company has assessed that its exposure to foreign currency risk is not significant.



b) Price risk

The Parent Company's price risk exposure at year-end relates to financial assets and liabilities whose values will fluctuate as a result of changes in market prices. In 2024 and 2023, the Parent Company has no significant exposure to price risk.

Financial Capacity Requirements

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

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

a) Paid-up capital

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

b) Deposit requirements

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

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

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

The Parent Company has complied with this requirement by acquiring government securities with carrying value of ₱550.2 million and ₱269.4 million as of December 31, 2024 and 2023, respectively, and recorded as part of short-term investments (see Note 7).

c) Risk-based capitalization

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

d) Net worth requirement

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



e) *Liquidity requirement*

Acid test ratio shall be defined as current assets over current liabilities. As of December 31, 2024 and 2023, the Parent Company's acid test ratios are 0.95 and 0.93, respectively.

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

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

f) *Revaluation of assets*

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

For the purpose of determining the net worth requirement, appraisal increment on property, plant and equipment is not allowed, unless with prior written approval by the Commission. On October 21, 2024 and March 10, 2025, the Parent Company has received written approval from the Commission.

g) *Declaration of dividends*

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

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

On April 11, 2025, Insurance Commission (IC) issued Circular Letter (CL) No. 2025-11, Revised Minimum Capitalization, Financial Capacity, and Other Regulatory Requirements for Health Maintenance Organizations (HMOs) with the following key provisions:

- a) Paid-up Capital – The minimum paid-up capital requirement remains at ₱10.0 million.
- b) Deposit Requirements – HMOs are required to maintain a deposit equivalent to 25% of their actual paid-up capital or ₱5.0 million, whichever is higher.
- c) Risk-Based Capitalization – There is no limit on Maximum Gross Membership Fees for HMOs with paid-up capital exceeding ₱500.0 million.
- d) Net Worth Requirement – Net worth must not be less than the paid-up capital.
- e) Liquidity Requirement – An acid test ratio (ATR) of at least 1.0 is now required. The revised formula, which introduced significant exclusions from current liabilities, resulted in a favorable impact on the Company's ATR.
- f) Revaluation of Assets – Revaluation of assets is not permitted unless prior written approval is obtained from the Commission.
- g) Declaration of Dividends – HMOs classified under Tier A may declare dividends without the need for prior approval or clearance from the Commission.



As of December 31, 2024 and 2023, the Parent Company has evaluated the implications of the new regulatory requirements issued by the Insurance Commission and has determined that these requirements have no material impact on its financial position or regulatory compliance status.

5. Fair Value Measurement

As of December 31, 2024 and 2023, the carrying values of the Parent Company's assets and liabilities as reflected in the statements of financial position and related notes approximate their respective fair values as of the statements of financial position date.

The methods and assumptions used by the Parent Company in estimating the fair value of assets and liabilities follow:

Cash in banks and cash equivalents, short-term investments, trade and other receivables, healthcare plan liabilities (accrued IBNR claims, accrued ICOS claims and ASO funds), trade payables and accrued expenses and other payables

The carrying amounts of these accounts approximate their fair value due to their short-term maturities. This assumption is applied to liquid assets and short-term elements of all other financial assets and financial liabilities.

Quoted debt and equity securities

Fair values of quoted equity securities under 'Available-for-sale investments' are based on quoted prices published in markets.

Unquoted equity security

The carrying amount of unquoted equity securities approximates fair value due to the unpredictable nature of cash flows and the lack of suitable methods of arriving at a fair value.

Rental and lease deposits

The fair values of rental and lease deposits were estimated using the discounted cash flow methodology using interest rate for similar types of financial instruments.

Property and equipment – net and investment properties

Land, building and condominium units under 'property and equipment – net' and buildings under 'investment properties' were valued using a valuation technique with significant inputs that are not based on observable inputs (Level 3).

The fair values of certain property and equipment and all investment properties were arrived at using the following methods:

Asset	Method	Description
Land and condominium units under 'property and equipment – net'	Market Data Approach	The value is based on sales, listings and other market data of comparable property registered within the vicinity of the subject property.
Building under 'investment properties'		
Building under 'property and equipment – net' and 'investment properties'	Cost Approach	The value is determined by deducting the estimated total accrued depreciation from the estimated total reproduction cost of similar new improvements. Adjustments are then made to reflect depreciation resulting from physical deterioration plus any functional and economic obsolescence that may exist to arrive at a reasonable valuation.



Significant increases (decreases) in price per square meter and size of property and equipment and investment properties would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in discount would result in a significantly lower (higher) fair value of the properties.

Significant Unobservable Inputs

Size	Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms to the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
Time Element	An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

The fair values of these assets are based on the latest appraisal report prepared by an accredited appraiser as at end of year. The fair values of certain property and equipment and all investment properties are based on their highest and best use, which are their current use.

Lease liabilities, rental deposit and lease deposit

The fair values of lease liabilities were estimated by applying the discounted cash flow method using the Parent Company's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued.

Fair value hierarchy

The Parent Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).



	2024				
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial Asset Measured at Fair Value					
AFS investments					
Equity securities	₱103,750	₱103,750	₱-	₱-	₱103,750
Non-Financial Asset Measured at Fair Value					
Property and equipment	1,419,867,479	-	-	1,419,867,479	1,419,867,479
Investment properties	157,155,017	-	-	157,155,017	157,155,017
	1,577,022,496	-	-	1,577,022,496	1,577,022,496
Financial Asset for which Fair Values are Disclosed					
Rental and lease deposits	31,112,298	-	-	31,112,298	31,112,298
	2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial Asset Measured at Fair Value					
AFS investments					
Equity securities	₱103,750	₱103,750	₱-	₱-	₱103,750
Non-Financial Asset Measured at Fair Value					
Property and equipment	1,140,243,760	-	-	1,140,243,760	1,140,243,760
Investment properties	142,871,440	-	-	142,871,440	142,871,440
	1,283,115,200	-	-	1,283,115,200	1,283,115,200
Financial Asset for which Fair Values are Disclosed					
Rental and lease deposits	30,914,519	-	-	30,914,519	30,914,519

There were no transfers among Level 1, 2 and 3 in 2024 and 2023.

AFS investments include unquoted equity securities amounting to ₱6.2 million as of December 31, 2024 and 2023, which are carried at cost less any impairment in value (see Note 10). Unquoted equity instruments include private equity shares.

6. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	₱2,111,571	₱2,649,788
Cash in banks	1,327,029,844	821,373,753
Cash equivalents	4,263,496,909	2,617,918,495
	₱5,592,638,324	₱3,441,942,036

Cash in banks earns interest at annual rates ranging from 0.06% to 0.10% in 2024 and from 0.062% to 0.15% in 2023. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Parent Company and earn interest at annual rates ranging from 0.125% to 6.5% in 2024 and 2023.

In 2024 and 2023, the Parent Company earned interest income from cash in banks and cash equivalents totaling ₱217.3 million and ₱189.5 million, respectively.



7. Short-term Investments

As at December 31, 2024 and 2023, short-term investments consist of the following:

	2024	2023
Time deposits	₱176,946,566	₱1,490,855,195
Government securities	550,197,205	269,443,666
	₱727,143,771	₱1,760,298,861

	2024	2023
Beginning balance	₱1,760,298,861	₱2,028,872,303
Acquisitions during the year	1,491,131,673	4,568,302,003
Matured short-term investments during the year	(2,524,286,763)	(4,836,875,445)
Ending balance	₱727,143,771	₱1,760,298,861

The time deposits are placements on various private banks with tenor of more than 90 days but less than one year. The government securities pertain to treasury bills purchased in 2024 and 2023 in compliance with the IC's deposit requirements to be placed in government securities. These securities have a maturity of more than ninety (90) days up to one (1) year.

Interest income earned from these investments amounted to ₱96.7 million and ₱104.0 million in 2024 and 2023, respectively.

8. Trade and Other Receivables

This account consists of:

	2024	December 31, 2023 (As restated)	January 1, 2023 (As restated)
Trade			
Medical plans, net of CER	₱8,375,442,250	₱8,073,044,631	₱7,880,140,322
ASO receivables	298,739,146	322,019,972	248,218,674
Excess utilization	81,151,040	65,803,359	99,213,077
Penalty charges	3,285,936	11,348,989	22,897,799
Others	196,847,022	226,704,420	155,500,782
	8,955,465,394	8,698,921,371	8,405,970,654
Less: Allowance for credit losses	1,448,814,675	1,300,398,300	1,286,064,322
	7,506,650,719	7,398,523,071	7,119,906,332
Non-trade			
Due from subsidiary (Note 30)	500,000,000	-	2,479,797
Deposit to healthcare providers	455,354,754	122,349,906	120,040,172
Receivables from healthcare providers	26,524,477	26,029,249	41,828,366
Accrued interest receivable	23,247,079	39,901,034	25,763,656
Due from officers and employees	12,551,073	9,348,806	11,001,871
Bid deposits and bond securities	11,987,272	12,426,016	11,996,268
Onsite medical services	4,290,450	6,130,863	6,020,213
Rental receivables	1,758,889	3,624,960	74,199,962
Due from clinics and affiliates	1,577,154	573,056	573,056
Dividend receivable	-	-	1,131,972
Others	52,745,770	28,739,275	49,914,660
	1,090,036,918	249,123,165	344,949,993
Less: Allowance for credit losses	31,126,078	13,431,494	13,431,494
	1,058,910,840	235,691,671	331,518,499
	₱8,565,561,559	₱7,634,214,742	₱7,451,424,831



Medical plan receivables are recognized when the Parent Company becomes a party to the contract and represents the total membership fees stated in the HMO Agreement which are uncollected as at the statement of financial position date, net of CER amounting to ₱0.05 million and ₱32.6 million as of December 31, 2024 and 2023, respectively.

In 2024 and 2023, client experience refund charged against earned membership fees amounted to ₱44.3 million and ₱159.0 million, respectively (see Note 24).

Movements in CER follow:

	2024	2023 (As restated)
Balance at beginning of year	₱32,642,167	53,727,280
Provisions during the year (Note 24)	44,301,443	159,002,446
Payments during the year	(76,897,914)	(180,087,559)
Balance at end of year	₱45,696	₱32,642,167

ASO receivables are net of the corresponding ASO funds (see Note 19) per counterparty where there is right of offset.

Excess utilization refers to receivables from members for availments in excess of covered plans that are advanced by the Parent Company.

Penalty charges are receivables arising from penalties imposed due to non-payment upon due date.

Other trade receivables pertain to amounts due from prepaid cards, rebates from volume discounts and riders.

In consideration for certain discounts being offered, the Parent Company deposited funds to certain healthcare providers to defray for the medical and hospitalization expenses of its members. This is lodged under the account 'Deposits to healthcare providers'. After deducting billed and received hospital charges from the fund, the balance shall be restored to its original level upon reaching its threshold limit. As of December 31, 2024, the Parent Company recognized a deposit to healthcare providers amounting to ₱300.0 million related to its subsidiary (see Notes 12 and 30).

Rental receivables pertain to the use of the clinic-related assets.

Accrued interest receivable relates to accrued interest on cash and cash equivalents and short-term investments.

Receivables from healthcare providers pertain to discounts granted by providers for payments made within the discount term.

Due from subsidiary includes non-interest bearing loan payable within a year (see Note 30).

Bid deposits and bond securities pertain to receivables arising from bid security posted to government agencies.

Due from officers and employees includes advances in relation to cash advance, SSS maternity leave benefits and sick leaves, excess charges, telecom charges, employee loans, and others.



Onsite medical services include receivables particular to the administration of medical services to employees of partner organizations.

Due from clinics and affiliates include receivables from affiliates amounting to ₱1.1 million and ₱0.6 million as of December 31, 2024 and 2023, respectively (see Note 30).

Other nontrade receivables include receivables from other counterparties. Credit terms are based on the agreements of the parties.

A reconciliation of the allowance for credit losses per class of trade and non-trade receivables that are collectively or individually assessed for impairment follows:

	2024				
	Trade receivables			Non-trade receivables	
	Medical plans	ASO receivables	Excess utilization	Others	Total
Balance at beginning of year	₱1,198,520,130	₱89,642,667	₱12,235,503	₱13,431,494	₱1,313,829,794
Provisions (Note 26)	143,201,362	4,588,693	626,320	17,694,584	166,110,959
Balance at end of year	₱1,341,721,492	₱94,231,360	₱12,861,823	₱31,126,078	₱1,479,940,753

	2023				
	Trade receivables			Non-trade receivables	
	Medical plans	ASO receivables	Excess utilization	Others	Total
Balance at beginning of year	₱1,160,373,041	₱107,686,703	₱18,004,579	₱13,431,494	₱1,299,495,817
Provisions (reversals) (Note 26)	38,147,089	(18,044,036)	(5,769,076)	–	14,333,977
Balance at end of year	₱1,198,520,130	₱89,642,667	₱12,235,503	₱13,431,494	₱1,313,829,794

9. Prepaid Expenses and Other Current Assets

This account consists of:

	2024	2023
Creditable withholding tax	₱1,262,819,758	₱953,404,653
Advances to counterparties	191,426,246	191,371,902
Prepaid expenses	8,374,335	4,385,805
Current portion of deferred input VAT	7,967,158	–
	1,470,587,497	1,149,162,360
Less: Allowance for credit losses	23,087,172	23,087,172
	₱1,447,500,325	₱1,126,075,188

Creditable withholding tax refers to amounts withheld from income payments by clients relative to the membership due under the HMO Agreements as evidenced by creditable tax certificates which are applied against the Parent Company's income tax due.

Advances to counterparties pertain to advance payments on system maintenance renewals and other services related to the Parent Company's operations.

Prepaid expenses include insurance and various software licenses and system applications. Software licenses and systems applications are amortized over a one (1) year period. In 2024 and 2023, the total amortization of software licenses and system applications presented as 'Information and



technology expenses' under 'General and administrative expenses' in the statements of income amounted to ₱0.3 million and ₱0.6 million, respectively (see Note 26).

The allowance for credit losses pertains to estimated amounts of creditable withholding taxes deemed unrecoverable.

10. Available-for-Sale Investments

This account consists of:

	2024	2023
Quoted equity securities	₱103,750	₱103,750
Unquoted equity securities	6,172,925	6,172,925
	₱6,276,675	₱6,276,675

In 2023, the Parent Company sold AFS investments to an officer of the Parent Company amounting to ₱4.0 million. No gain or loss was recognized in the transaction.

No dividend income was declared on the Company's AFS investments in 2024 and 2023.

11. Investments in Associates

Details of this account follow:

	2024	2023
Acquisition cost		
Balance at beginning of year	₱98,011,913	₱105,047,900
Disposal during the year	-	(7,035,987)
Balance at end of year	98,011,913	98,011,913
Accumulated share in net income		
Balance at beginning of year	(993,371)	2,258,513
Share in net loss during the year	(8,031,517)	(3,251,884)
Balance at end of year	(9,024,888)	(993,371)
Accumulated share in remeasurement gain on retirement liability		
Balance at beginning of year	312,203	319,939
Share in remeasurement loss during the year	(34,636)	(7,736)
Balance at end of year	277,567	312,203
	₱89,264,592	₱97,330,745

The account consists of the investments in the following companies:

	2024	2023
Maxicare Life Insurance Corporation	₱85,851,695	₱94,468,129
Associated Medical Services	3,412,897	2,862,616
	₱89,264,592	₱97,330,745



Equicom Shared Services, Inc. (S2)

As of December 31, 2023, total cost of investment of the Parent Company in common shares of Equicom Shared Services, Inc. (S2), a non-listed entity, amounted to nil and ₱4.0 million, respectively, representing 22.74% ownership interest.

In 2019, S2 declared cash dividends to shareholders amounting to ₱1.1 million which was paid only in 2023. There were no dividends declared in 2023.

In 2023, the Parent Company sold the investment to an officer of the Parent Company for the amount of ₱7.0 million. No gain or loss was recognized in the transaction.

S2's primary purposes are to develop, operate and provide a full range of information technology (IT)-enabled business processing services to engage in the design, development and implementation of business processing outsourcing markets, value added solutions, and support services in the operational, technological, and administrative requirements of other businesses. S2 was incorporated and started commercial operations on August 1, 2012.

Associated Medical Services (AMS)

As of December 31, 2024 and 2023, total cost of investment of the Parent Company in common shares of Associated Medical Services (AMS) amounted to ₱2.8 million representing 27.62% ownership interest.

AMS is primarily engaged in maintaining industrial and medical services for clinics, industries and other establishments requiring such medical services.

The following table presents the financial information of AMS as of and for the years ended December 31, 2024 and 2023, respectively.

	2024	2023
Statements of Financial Position		
Total assets	₱36,567,643	₱45,133,822
Total liabilities	15,198,721	19,665,105
Equity	21,368,922	25,468,717
Share in equity (27.62%)	5,902,096	7,034,460
Statements of Comprehensive Income		
Gross profit	₱24,162,122	₱34,601,509
Operating income (loss)	(1,249,584)	3,248,851
Net income (loss)	(1,200,098)	2,945,704
Share in net income (loss)	(331,467)	813,603

Significant assets of AMS include the following:

	2024	2023
Cash and cash equivalents	₱3,320,443	₱3,816,266
Trade and other receivables	28,249,061	32,574,546
Other assets	4,998,139	8,743,010



Maxicare Life Insurance Corporation (Maxilife)

As of December 31, 2024, and 2023 total cost of investment of the Parent Company in common shares of Maxicare Life Insurance Corporation (Maxilife) amounted to ₱100.0 million representing 5% ownership interest.

Maxilife is primarily engaged in business of life insurance, including accident, health, and medical insurance.

The following table presents the financial information of Maxilife as of and for the years ended December 31, 2024 and 2023, respectively.

	2024	2023
Statements of Financial Position		
Total assets	₱1,896,460,742	₱1,989,862,865
Total liabilities	197,912,934	141,558,937
Equity	1,698,547,808	1,848,303,928
Share in equity (5%)	84,927,390	92,415,196
Statements of Comprehensive Income		
Operating loss	(₱141,377,199)	(₱63,037,681)
Net loss	(149,230,824)	(89,062,802)
Share in net loss	(7,461,541)	(4,453,140)

Significant assets of Maxilife include the following:

	2024	2023
Cash and cash equivalents	₱985,715,419	₱653,884,624
Short-term investments	-	601,028,875
Financial assets at fair value through other comprehensive income (FVOCI)	691,682,481	556,999,121
Other assets	219,062,842	177,950,245

12. Investment in Subsidiary

On November 12, 2020, the Parent Company, upon approval of its Board of Directors (BOD), approved the incorporation of Maxicare Health Services, Inc. (Maxihealth), a wholly owned subsidiary that will undertake and carry out private, medical, dental and other health activities, consistent with and in furtherance of the Parent Company's primary purpose. Maxihealth enables the Parent Company to provide an effective and efficient primary care model, which aligns with the interests of the Parent Company's members, healthcare services providers and the Parent Company itself, so as to effect delivery of best healthcare services at an affordable cost.

Maxihealth has an authorized capital stock of ₱1.0 billion. In March 2021, the Parent Company paid in cash the total subscribed paid-up capital amounting to ₱200.0 million. On November 2, 2021, the Parent Company agreed to assign, transfer, and contribute to Maxihealth the clinic-related assets in exchange for and as consideration for shares of common stock in Maxihealth, from the unissued portion of its authorized capital stock.

On December 29, 2022, the SEC approved the valuation of the property and equipment of the Parent Company amounting to ₱84.9 million be applied as payment for the additional issuance of 848,517 common shares at par value of ₱100 each from the unissued portion of the authorized capital stock of



Maxihealth (Note 30). The net book value of the property and equipment applied as payment for the additional issuance of shares amounted to ₱86.9 million at the transaction date and the loss from the transaction amounted to ₱2.0 million in 2022.

In 2024, the Parent Company recognized a deposit to healthcare providers amounting to ₱300.0 million, which is a revolving fund in nature, and a due from subsidiary amounting to ₱500.0 million, which represents funding for the establishment of additional clinics. The amount due from subsidiary is non-interest bearing with maturity of one (1) year (see Notes 8 and 30).

The following table presents the financial information of Maxihealth as of and for the years ended December 31, 2024 and 2023, respectively.

	2024	2023
Statements of Financial Position		
Total assets	₱2,323,191,439	₱1,082,912,634
Total liabilities	1,887,788,162	716,132,505
Equity	435,403,277	366,780,129
Statements of Comprehensive Income		
Gross profit	₱269,637,795	₱171,230,534
Operating income	72,620,469	25,882,366
Net income	68,623,148	25,404,159

Significant assets of Maxihealth include the following:

	2024	2023
Trade and other receivables	₱231,647,187	₱186,806,596
Property and equipment	1,622,536,801	662,935,443
Other assets	469,007,451	233,170,595



13. Property and Equipment

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

	2024	2023
At cost	₱161,286,342	₱139,560,202
At revalued amounts	1,419,867,479	1,140,243,760
	₱1,581,153,821	₱1,279,803,962

The rollforward of property and equipment carried at cost follows:

	2024									
	Transportation Equipment	Furniture and Fixtures	Computer and Peripherals	Office Equipment and Others	Leasehold Improvements	Medical Equipment	Construction in progress	Right-of-use assets - Building	Right-of-use assets - Vehicles	Total
Cost										
Balance at the beginning of the year	₱69,871,124	₱43,073,003	₱334,472,269	34,990,356	₱145,480,945	₱10,557,421	₱-	₱131,262,703	₱27,822,101	₱797,529,922
Additions	19,615,179	3,257,763	30,859,258	416,484	-	-	21,270,416	14,086,920	-	89,506,020
CIP Transfer	-	20,642,037	405,165	223,214	-	-	(21,270,416)	-	-	-
Disposals / retirement	(11,544,643)	(4,769,695)	(6,813,596)	(964,323)	(1,767,714)	-	-	-	-	(25,859,971)
Balance at end of year	77,941,660	62,203,108	358,923,096	34,665,731	143,713,231	10,557,421	-	145,349,623	27,822,101	861,175,971
Accumulated depreciation and amortization										
Balance at the beginning of the year	38,216,295	41,626,346	276,439,187	34,082,303	128,892,205	4,621,266	-	106,270,017	27,822,101	657,969,720
Depreciation and amortization (Note 29)	13,750,835	2,864,075	29,810,607	827,600	5,288,817	2,068,267	-	10,672,260	-	65,282,461
Disposals / retirement	(9,111,904)	(4,769,693)	(6,759,740)	(953,500)	(1,767,715)	-	-	-	-	(23,362,552)
Balance at end of year	42,855,226	39,720,728	299,490,054	33,956,403	132,413,307	6,689,533	-	116,942,277	27,822,101	699,889,629
Net carrying value at end of year	₱35,086,434	₱22,482,380	₱59,433,042	₱709,328	₱11,299,924	₱3,867,888	₱-	₱28,407,346	₱-	₱161,286,342



2023										
	Transportation Equipment	Furniture and Fixtures	Computer and Peripherals	Office Equipment and Others	Leasehold Improvements	Medical Equipment	Construction in progress	Right-of-use assets - Building	Right-of-use assets - Vehicles	Total
Cost										
Balance at the beginning of the year	₱69,565,724	₱42,868,533	₱315,037,682	₱34,910,353	₱136,329,048	₱8,128,849	₱1,641,624	₱123,663,009	₱27,822,101	₱759,966,923
Additions	12,306,107	930,056	19,714,548	197,645	6,491,973	2,428,572	2,662,009	7,599,694	–	52,330,604
Transfer from CIP (Note 14)	–	–	–	–	2,662,008	–	(4,303,633)	–	–	(1,641,625)
Disposals / retirement	(12,000,707)	(725,586)	(279,961)	(117,642)	(2,084)	–	–	–	–	(13,125,980)
Balance at end of year	69,871,124	43,073,003	334,472,269	34,990,356	145,480,945	10,557,421	–	131,262,703	27,822,101	797,529,922
Accumulated depreciation and amortization										
Balance at the beginning of the year	31,729,971	41,113,823	236,662,950	33,910,920	120,361,921	1,379,190	–	87,130,131	24,594,836	576,883,742
Depreciation and amortization (Note 29)	13,380,208	1,530,645	37,808,991	1,300,616	8,532,368	2,149,219	–	18,539,987	3,227,265	86,469,299
Disposals / retirement	(6,893,884)	(725,586)	(279,961)	(117,642)	(2,084)	–	–	–	–	(8,019,157)
Adjustments	–	(292,536)	2,247,207	(1,011,591)	–	1,092,857	–	599,899	–	2,635,836
Balance at end of year	38,216,295	41,626,346	276,439,187	34,082,303	128,892,205	4,621,266	–	106,270,017	27,822,101	657,969,720
Net carrying value at end of year	₱31,654,829	₱1,446,657	₱58,033,082	₱908,053	₱16,588,740	₱5,936,155	₱–	₱24,992,686	₱–	₱139,560,202

The Parent Company sold property and equipment with net book value of ₱2.5 million and ₱5.1 million in 2024 and 2023, respectively. In 2024 and 2023, the Parent Company reported loss on sale amounting to ₱0.07 million and gain on sale amounting to ₱0.70 million, respectively, presented under ‘Others – net’ in the statements of income.

As of December 31, 2024 and 2023, aggregate costs of fully depreciated property and equipment still in use amounted to ₱504.3 million and ₱540.8 million, respectively.

Construction in progress pertains to leasehold improvements and property not yet completed and turned over. These items were transferred to the specific asset account in 2024 and 2023.



The rollforward of property and equipment stated at revalued amounts follows:

2024				
	Land	Building	Condominium Units	Total
Cost				
Balance at the beginning of the year	₱653,616,000	₱432,026,624	₱226,066,464	₱1,311,709,088
Transfer to investment properties (Note 15)	-	(8,148,397)	-	(8,148,397)
Reversal of revaluation increment due to transfer	-	(1,383,134)	-	(1,383,134)
Revaluation adjustment	297,024,000	793,659	3,607,000	301,424,659
Balance at end of year	950,640,000	423,288,752	229,673,464	1,603,602,216
Accumulated depreciation and amortization				
Balance at the beginning of the year	-	117,320,864	54,144,464	171,465,328
Depreciation and amortization (Note 29)	-	12,269,409	-	12,269,409
Balance at end of year	-	129,590,273	54,144,464	183,734,737
Net carrying value at end of year	₱950,640,000	₱293,698,479	₱175,529,000	₱1,419,867,479

2023				
	Land	Building	Condominium Units	Total
Cost				
Balance at the beginning of the year	₱217,488,419	₱356,923,680	₱78,012,857	₱652,424,956
Revaluation adjustment	436,127,581	75,102,944	148,053,607	659,284,132
Balance at end of year	653,616,000	432,026,624	226,066,464	1,311,709,088
Accumulated depreciation and amortization				
Balance at the beginning of the year	-	101,359,013	54,144,464	155,503,477
Depreciation and amortization (Note 29)	-	15,961,851	-	15,961,851
Balance at end of year	-	117,320,864	54,144,464	171,465,328
Net carrying value at end of year	₱653,616,000	₱314,705,760	₱171,922,000	₱1,140,243,760

The Parent Company changed the accounting policy with respect to the measurement of land, building and condominium units on December 31, 2023 on a prospective basis. Therefore, the fair values of these properties as at January 1, 2023 was not determined.

If the land, building and condominium units were measured using the cost model, the carrying amounts as of December 31, 2024 and 2023 would be as follows:

2024				
	Land	Building	Condominium Units	Total
Cost	₱217,488,419	₱356,923,680	₱78,012,857	₱652,424,956
Accumulated depreciation	-	(133,282,715)	(54,144,464)	(187,427,179)
Net carrying value	₱217,488,419	₱223,640,965	₱23,868,393	₱464,997,777

2023				
	Land	Building	Condominium Units	Total
Cost	₱217,488,419	₱356,923,680	₱78,012,857	₱652,424,956
Accumulated depreciation	-	(117,320,864)	(54,144,464)	(171,465,328)
Net carrying value	₱217,488,419	₱239,602,816	₱23,868,393	₱480,959,628

The revaluation adjustment was recognized, net of tax, in the Parent Company's statements of comprehensive income.



Movements in revaluation surplus in 2024 and 2023 follow:

	2024	2023
Balance at beginning of year, gross of tax	₱659,284,132	₱-
Reversal of revaluation increment due to transfer	(1,383,134)	-
Annual transfer to retained earnings	(3,071,658)	-
Revaluation adjustment during the year	301,424,659	659,284,132
Balance at end of year, gross of tax	956,253,999	659,284,132
Income tax effect	(239,063,500)	(164,821,033)
Balance at end of year, net of tax	₱717,190,499	₱494,463,099

14. Software Costs

The movements of this account follow:

	2024	2023
Cost		
Balance at beginning of the year	₱348,877,281	₱274,036,258
Additions	-	73,199,398
Transfer from CIP (Note 13)	-	1,641,625
Adjustment	(8,178,300)	-
Balance at end of year	340,698,981	348,877,281
Accumulated Depreciation		
Balance at beginning of year	188,433,376	141,585,592
Amortization (Note 29)	51,571,795	46,847,784
Balance at end of year	240,005,171	188,433,376
Net Book Value	₱100,693,810	₱160,443,905

In 2024, the Parent Company reversed a portion of a previously recognized asset related to a software license that was cancelled.

15. Investment Properties

This account represents portions of the building which are being leased out to tenants. The movements of this account follow:

	2024	2023
Balance at the beginning of year	₱142,871,440	₱129,659,038
Transfer from property and equipment (Note 13)	8,148,397	-
Fair value gain	6,135,180	13,212,402
Balance at end of year	₱157,155,017	₱142,871,440

In 2024 and 2023, gain on change in fair value is presented under 'Others – net' in other income (expense) in the statements of income.

As of December 31, 2024 and 2023, the dates of valuation, the real estate properties' fair values are based on the valuations performed by Value Metrics, Inc. an accredited independent appraiser.



Description of valuation techniques used and key inputs to valuation on investment properties are as follows:

Location	Valuation Techniques	Significant unobservable inputs	Range (weighted average)	
			2024	2023
1. No. 203 Street thru Adelantado Street, Brgy. San Lorenzo, Legaspi Village, Makati City	Cost approach	Reproduction cost	₱9,200,298	₱5,705,723
2. Ground floor to 4 th floor of Algo Center, Brgy, Bel-Air, Salcedo Village, Makati City	Market (Data) approach	Price per square meter	₱179,104 to ₱416,667 (₱252,088)	₱195,873 to ₱400,000 (₱264,454)

In 2024 and 2023, rental income presented under ‘Others – net’ in the parent company statements of income amounted to ₱7.3 million and ₱7.7 million, respectively (see Note 21).

16. Retirement Benefits

The Parent Company has a funded non-contributory defined benefit retirement plan covering its permanent employees. Retirement benefits costs and contributions are determined in accordance with an actuarial study and are based on years of service and employees’ final covered compensation.

The latest actuarial valuation of the plan is as of December 31, 2024. The principal actuarial assumptions used to determine retirement benefit costs follow:

The amount of net retirement liability (asset) recognized in the statements of financial position follows:

	2024	2023
Present value of defined benefit obligation	₱258,913,781	₱233,643,170
Fair value of plan assets	(222,093,726)	(233,390,074)
Net retirement liability	₱36,820,055	₱253,096

As of December 31, 2024 and 2023, the major categories of plan assets at their fair values follow:

	2024	2023
Assets		
Deposit in banks	₱354,212	₱1,506
Quoted debt securities		
Government	192,351,629	200,374,940
Private	25,292,397	29,201,823
Equities	1,624,402	1,544,570
Accrued interest receivable	2,762,544	2,563,024
	222,385,184	233,685,863
Liabilities	291,458	295,789
Net plan assets	₱222,093,726	₱233,390,074



Changes in net retirement liability follow:

	2024		
	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability (Asset)
Balance at beginning of year	₱233,643,170	(₱233,390,074)	₱253,096
Net benefit cost			
Current service cost	29,680,585		29,680,585
Net interest cost	14,485,877	(14,470,185)	15,692
	44,166,462	(14,470,185)	29,696,277
Benefits paid	(25,570,607)	25,570,607	–
	18,595,855	11,100,422	29,696,277
Remeasurement loss in OCI:			
Return on plan assets (excluding amount included in net interest)	–	195,926	195,926
Actuarial changes arising from experience adjustments	3,412,835	–	3,412,835
Actuarial changes arising from changes in financial/demographic assumptions	3,261,921	–	3,261,921
	6,674,756	195,926	6,870,682
Balance at end of year	₱258,913,781	(₱222,093,726)	₱36,820,055
	2023		
	Present Value of DBO	Fair Value of Plan Assets	Net Retirement Liability (Asset)
Balance at beginning of year	₱187,281,682	(₱239,905,113)	(₱52,623,431)
Net benefit cost			
Current service cost	23,837,367	–	23,837,367
Net interest cost	13,671,563	(17,513,073)	(3,841,510)
	37,508,930	(17,513,073)	19,995,857
Benefits paid	(21,302,005)	21,302,005	–
	16,206,925	3,788,932	19,995,857
Remeasurement loss in OCI:			
Return on plan assets (excluding amount included in net interest)	–	2,726,107	2,726,107
Actuarial changes arising from experience adjustments	511,766	–	511,766
Actuarial changes arising from changes in financial/demographic assumptions	29,642,797	–	29,642,797
	30,154,563	2,726,107	32,880,670
Balance at end of year	₱233,643,170	(₱233,390,074)	₱253,096

The movements in remeasurement gain on retirement plan recognized in OCI are as follows:

	2024	2023
Balance at beginning of year, gross of tax	₱69,709,136	₱102,589,806
Remeasurement loss on plan assets	(195,926)	(2,726,107)
Remeasurement loss on obligation	(6,674,756)	(30,154,563)
Balance at end of year, gross of tax	62,838,454	69,709,136
Income tax effect	(15,709,614)	(17,427,284)
Balance at end of year, net of tax	₱47,128,840	₱52,281,852



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the statement of financial position, assuming if all other assumptions were held constant:

	Change in basis points (bps)	Impact	
		2024	2023
Discount rate	+100 bps	₱6,718,136	(₱26,931,493)
	-100 bps	73,000,320	32,970,797
Salary increase rate	+100 bps	71,449,246	31,594,553
	-100 bps	7,460,285	(26,277,709)

The Parent Company expects to contribute at least ₱62.2 million to the defined benefit retirement plan in 2024.

Shown below is the maturity profile of the undiscounted benefit payments:

	2024	2023
Less than 5 years	₱81,222,587	₱82,099,224
More than 6 years to 10 years	148,049,938	128,731,869
More than 11 years to 15 years	316,377,476	244,151,443
More than 16 years	2,289,376,892	2,018,095,227

Average duration of the expected benefit payments as of December 31, 2024 and 2023 is 13 years.

The principal actuarial assumptions used to determine retirement benefit costs follow:

	2024	2023
Discount rate	6.10%	6.20%
Salary increase rate	4.00%	4.00%

17. Income Taxes

a. The components of net deferred tax assets follow:

	2024	December 31, 2023 (As restated)	January 1, 2023 (As restated)
Recognized in the statements of income:			
<i>Deferred tax assets</i>			
Revenue adjustments	₱725,636,699	₱-	₱-
Accrued IBNR claims, accrued ICOS claims, sales incentives, employee benefits and others	385,528,163	374,682,476	315,018,718
Allowance for credit and impairment losses	186,425,887	142,189,948	138,606,454
Retirement benefit liability	46,767,936	43,562,259	50,323,802
Leases	5,586,495	5,235,968	4,698,958
Unrealized loss on foreign exchange	-	-	-
MCIT	-	18,914,565	6,928,448
NOLCO	-	568,663,698	294,688,341
	1,349,945,180	1,153,248,914	810,264,721
<i>Deferred tax liabilities</i>			
Change in fair value of investment properties	(11,662,278)	(10,128,483)	(5,280,951)
	1,338,282,902	1,143,120,431	804,983,770
Recognized in other comprehensive income:			
<i>Deferred tax liabilities</i>			
Revaluation surplus on property and equipment	(239,063,500)	(164,821,033)	-
Remeasurement loss on retirement plan	(15,709,614)	(17,427,284)	(33,173,385)
	(254,773,114)	(182,248,317)	(33,173,385)
	₱1,083,509,788	₱960,872,114	₱771,810,385



As of December 31, 2024 and 2023, the Parent Company did not recognize deferred tax assets amounting to ₱192.4 million and ₱189.0 million, respectively, on the temporary difference arising from allowance for credit and impairment losses on trade and other receivables, and rental and lease deposits, because management believes that it is not probable that sufficient future taxable income will be available to allow such deferred tax assets to be utilized.

Revenue adjustments were made to align Value-added Tax (VAT) and Income Tax Return (ITR) gross revenue through advance income reporting. A deferred tax asset was recognized for the unamortized portion of 2024 collections reported in the VAT return, in accordance with the BIR's formal letter dated January 17, 2025.

- b. Details of the provision for (benefit from) income tax follows:

	2024	2023 (As restated)
Current		
RCIT	₱226,247,316	₱-
MCIT	-	11,986,117
Final	62,904,113	58,580,553
	289,151,429	70,566,670
Deferred	(195,162,471)	(345,662,594)
	₱93,988,958	(₱275,095,924)

- c. The reconciliation of the provision for income tax computed at the statutory tax rate to provision for income tax shown in the statements of income follows:

	2024	2023 (As restated)
Income tax at statutory tax rate	₱109,592,361	(₱271,943,019)
Additions to income tax		
Non-deductible expenses	-	11,639,893
Income subject to final tax	(15,603,403)	(14,792,799)
Income tax expense (benefit)	₱93,988,958	(₱275,095,925)

Non-deductible expenses pertain to provision for contingency and other expenses that did not meet the requirement of the tax code to be claimed as deductible expenses.

- d. Current tax regulations provide that the RCIT rate shall be 25.0%. Interest allowed as a deductible expense is reduced by an amount equivalent to 20.0%.

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021. Consequently, the Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

The Company is subject to RCIT or MCIT whichever is higher. The provision for current income tax represents the Company's RCIT and MCIT in 2024 and 2023, respectively.



- e. The optional standard deduction (OSD) equivalent to 40.0% of gross income may be claimed as an alternative deduction in computing for the RCIT. For 2024 and 2023 RCIT computation, the Parent Company elected to claim itemized expense deductions instead of the OSD.
- f. Current tax regulations provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expenses that can be claimed as a deduction against taxable income. Under the regulation, EAR expenses allowed as deductible expenses for sellers of goods, services or properties similar to the Parent Company are limited to the actual EAR paid or incurred but not to exceed 1.0% of net sales. EAR expenses in 2024 and 2023 are within the limit.
- g. The Parent Company is subjected to other taxes, presented as ‘Taxes and licenses’ under ‘General and administrative expenses’ in the statements of income. Other taxes paid consist principally of license and permit fees, fringe benefit taxes, real estate taxes and documentary stamp taxes.
- h. The breakdown of the Parent Company’s excess MCIT that can be claimed as a deduction from future taxable income or used as deductions against income tax liabilities as of December 31, 2024 follows:

Year Incurred	Expiry Year	Amount	Applied in the current year	Expired Portion	Balance
2022	2025	₱6,928,448	₱6,928,448	–	–
2023	2026	11,986,117	11,986,117	–	–
		₱18,914,565	₱18,914,565	–	–

- i. The breakdown of the Parent Company’s NOLCO that can be carried forward and credited against taxable income as of December 31, 2024 follows:

Year Incurred	Expiry Year	Amount	Applied in the current year	Expired Portion	Balance
2022	2025	₱1,178,753,362	₱1,178,753,362	–	–
2023	2026	1,095,901,429	1,095,901,429	–	–
		₱2,274,654,791	₱2,274,654,791	–	–

18. Other Noncurrent Assets

This account consists of:

	2024	2023
Prepaid expenses	₱116,975,094	₱166,000
Rental and lease deposits	31,112,298	31,914,519
Noncurrent portion of deferred input VAT	834,361	20,989,434
	148,921,753	53,069,953
Allowance for impairment losses	(13,507,274)	(2,761,460)
	₱135,414,479	₱50,308,493

A reconciliation of the allowance for impairment losses on rental and lease deposits follows:

	2024	2023
Balance at beginning of the year	₱2,761,460	₱2,761,460
Provisions (Note 26)	10,745,814	–
Balance at end of year	₱13,507,274	₱2,761,460



19. Healthcare Plan Liabilities

This account consists of:

	2024	2023
UMFR – net	₱10,630,012,099	₱9,442,284,232
Claims reserves:		
IBNR claims	1,056,269,037	964,493,235
Due and unpaid claims	120,820,957	269,563,799
ICOS claims	209,388,248	231,657,601
Claims handling expense reserve	18,874,724	17,810,815
ASO funds	491,321,949	474,840,743
	₱12,526,687,014	₱11,400,650,425

UMFR – net consist of:

	2024	2023
Unearned membership fee reserves	₱11,348,581,361	₱10,123,571,543
Prepaid commission	(612,834,556)	(580,120,465)
Deferred commission	(105,734,706)	(101,166,846)
Unearned membership fee reserves – net	₱10,630,012,099	₱9,442,284,232

Movements in the unearned membership fee reserves – net follow:

	December 31, 2024		
	Unearned Membership Fee Reserves	Prepaid Commission/Deferred Commission	Net
Balance at beginning of year	₱10,123,571,543	(₱681,287,311)	₱9,442,284,232
Agreements during the year (Note 24)	29,110,795,933	(1,737,387,112)	27,373,408,821
Incurred (earned) during the year (Notes 24 and 25)	(27,885,786,115)	1,700,105,161	(26,185,680,954)
Balance at end of year	₱11,348,581,361	(₱718,569,262)	₱10,630,012,099

	December 31, 2023		
	Unearned Membership Fees	Prepaid Commission/Deferred Commission	Net
Balance at beginning of year	₱8,928,805,599	(₱656,376,745)	₱8,272,428,854
Agreements during the year (Note 24)	26,101,900,905	(1,759,285,021)	24,342,615,884
Incurred (earned) during the year (Notes 24 and 25)	(24,907,134,961)	1,734,374,455	(23,172,760,506)
Balance at end of year	₱10,123,571,543	(₱681,287,311)	₱9,442,284,232

Movements in claims reserves as of December 31 follow:

	2024	2023
Balance at beginning of year	₱1,483,525,450	₱1,257,744,861
Provision for IBNR claims (Note 25)	1,265,967,233	1,159,450,897
Claims reported and processed during the year	17,298,287,794	17,640,181,832
Claims paid during the year	(18,642,427,511)	(18,573,852,140)
Balance at end of year	₱1,405,352,966	₱1,483,525,450



Movements in ASO Funds follow:

	2024	2023
Balance at beginning of year	₱474,840,743	₱430,869,759
Contributions during the year	1,999,588,623	1,799,502,640
Withdrawals during the year	(1,983,107,417)	(1,755,531,656)
Balance at end of year	₱491,321,949	₱474,840,743

The projected fund withdrawals as of December 31, 2024 and 2023 are ₱268.7 million and ₱271.3 million, respectively.

ASO funds pertain to funds maintained under a third-party administration program used to pay out for the medical and hospitalization services availed by the members.

Projected Fund Withdrawals refers to the estimated amount to be withdrawn from the ASO Funds to pay the cost of benefits for claims:

- a. that have been reported, adjudicated and processed, but has not been withdrawn from the fund as of the statement of financial position date;
- b. already received but not yet adjudicated, settled and paid by the Parent Company as of valuation date;
- c. incurred but have not been reported to the Parent Company as of the statement of financial position date; and
- d. related expenses under an ASO Agreement.

20. Accrued Liabilities and Other Payables

This account consists of:

	2024	2023
Trade payables	₱1,228,849,521	₱1,019,046,108
Accrued expenses	1,914,159,347	1,147,207,878
VAT payable	571,124,228	542,125,381
Deferred output VAT	431,547,632	381,122,194
Dividends payable	130,650,546	136,884,589
Deposits from customers	121,487,887	115,320,504
Commission payable	105,734,705	101,166,846
Escrow fund	100,000,000	-
Withholding tax payable	16,547,392	82,812,440
Others	19,008,399	24,792,432
	₱4,639,109,657	₱3,550,478,372

Trade payables consist of payables to suppliers, unreleased checks, staled checks, clearing accounts, and customer refunds. The normal credit term is 30 days.

Accrued expenses represent the accruals on sales incentives, employee benefits and audit fees.

Deferred Output VAT refers to VAT on uncollected customer billings.



Dividends payable represents outstanding obligations to specific stockholders, which are withheld pending fulfillment of legal prerequisites before disbursement.

Deposits from customers pertain to payments from members which have not been allocated to specific invoices.

Commissions payable consist of commission accruals for unbilled accounts. The normal credit term is 30 days upon Parent Company's issuance of official receipts.

Escrow fund represents the Parent Company's obligation to disburse funds upon the fulfillment of specified conditions.

Others include premiums payable for statutory contributions and employees' loans payable for remittance to bank.

21. Leases

Parent Company as lessee

The Parent Company has entered into lease contracts for various properties for clinic space, office space and vehicles used in its operations. Leases of clinic spaces generally have lease terms between 1 to 5 years, office spaces between 1 to 15 years, while motor vehicles generally have lease terms of 3 years. The Parent Company's obligations under these leases are secured by the lessor's title to the leased assets. Generally, the Parent Company is restricted from assigning and subleasing the leased assets.

Security deposits, net of allowances, amounting to ₱17.6 million and ₱29.2 million as at December 31, 2024 and 2023, respectively, are presented under 'Other noncurrent assets – net' in the statements of financial position (see Note 18).

The Parent Company also has certain leases of office space with lease terms of less than 12 months and leases of office equipment with low value. The Parent Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The roll forward of the lease liabilities follows:

	2024	2023
Balance at beginning of the year	₱30,871,367	₱43,193,089
Additions	14,086,920	7,599,694
Interest expense	2,525,655	2,946,609
Payments	(12,012,826)	(22,868,025)
Balance at end of year	₱35,471,116	₱30,871,367

The following are the amounts recognized in the statements of income:

	2024	2023
Depreciation expense of right-of-use assets included in property and equipment (Note 13)	₱10,672,260	₱21,767,252
Interest expense on lease liabilities	2,525,655	2,946,609
Expenses relating to short-term leases (Notes 25, 26 and 27)	4,044,806	1,239,634
Expenses relating to leases of low-value assets (Notes 25, 26 and 27)	20,817,776	21,423,610
	₱38,060,497	₱47,377,105



At the end of each statement of financial position date, the Parent Company had outstanding commitments for future minimum lease payments as follows:

	2024	2023
Within one year	₱4,859,559	₱10,827,378
More than one year to two years	4,976,212	7,928,151
More than two years to three years	4,812,452	7,899,108
More than three years to four years	3,761,169	6,427,812
More than four years to five years	1,787,863	2,918,000
	₱20,197,255	₱36,000,449

Parent Company as lessor

The Parent Company has entered into operating leases, consisting of a portion of its building. These leases have terms of between one (1) to five (5) years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Rental income recognized by the Parent Company for the years ended December 31, 2024 and 2023 amounted to ₱7.1 million and ₱7.7 million, respectively. Rental income is included in ‘Others – net’ in the parent company statements of income (see Note 15).

Future minimum rentals receivable under non-cancellable operating leases as at December 31 are as follows:

	2024	2023
Within one year	₱5,207,592	₱5,727,631
After one year but not more than five years	7,742,943	12,580,679
	₱12,950,535	₱18,308,310

22. Loans Payable

The movements of this account follow:

	2023
Balance at beginning of the year	₱1,000,000,000
Payments during the year	(1,000,000,000)
Balance at end of year	₱-

Loans are made for varying periods of up to five years depending on the immediate cash requirements of the Parent Company. In 2023, the loans bear interest at annual rates ranging from 3.39% to 4.34%.

In 2022, the Parent Company and Pin-An Holdings Corporation entered into a credit facility agreement of up to ₱1.0 billion which shall be made available through multiple or staggered drawdowns until December 31, 2022 and shall be used for the Parent Company’s business operations. Interest shall be paid on a monthly basis commencing one (1) month following the drawdown date. The rate shall be set every six (6) months based on the six-month BVAL plus 50 basis points with floor rate of 2.5% per annum. The loan shall be for a term of three (3) years inclusive of two (2) years grace period. The Parent Company shall repay the loan in four (4) equal quarterly installments commencing at the end of the first quarter of the third year. The Parent Company may pre-pay the loan in full or a portion upon five (5) days prior written notice without any penalty.



The Parent Company had the following loan drawdowns in 2022:

Drawdown Date	Amount
July 29, 2022	₱500,000,000
August 31, 2022	300,000,000
September 30, 2022	200,000,000
Total	₱1,000,000,000

In 2023, the Parent Company paid the loans payable to Pin-An Holdings Corporation in full.

Interest expense on these loans amounted to ₱38.8 million in 2023, which is included under 'Interest expense' in the statements of income.

23. Equity

Capital Stock

Details of the Parent Company's common and preferred shares as of December 31, 2024 and 2023 follow:

	2024		2023	
	Shares	Amount	Shares	Amount
Authorized 100 par value per share				
Common shares	10,000,000	₱1,000,000,000	10,000,000	₱1,000,000,000
Preferred shares	20,000,000	2,000,000,000	20,000,000	2,000,000,000
Issued common shares				
Balance at beginning and end of year	10,000,000	1,000,000,000	10,000,000	1,000,000,000
Issued preferred shares				
Balance at beginning of year	8,500,000	850,000,000	–	–
Issuance	–	–	8,500,000	850,000,000
Balance at end of year	8,500,000	850,000,000	8,500,000	850,000,000
Capital paid in excess of par value				
Balance at beginning of year	–	176,766,604	–	26,766,604
Additions	–	–	–	150,000,000
Balance at end of year	–	176,766,604	–	176,766,604
Treasury shares				
Balance at beginning and end of year	156,094	36,702,230	156,094	36,702,230
Outstanding shares				
Common shares	9,843,906	963,297,770	9,843,906	963,297,770
Preferred shares	8,500,000	850,000,000	8,500,000	850,000,000

Treasury Stock

The Parent Company acquired 40 of its own shares on October 13, 2021 as a final resolution to the settlement of the fractional shares arising from the capital call transactions. The shares are held as 'treasury shares' and presented as a deduction from equity. The Parent Company has the right to reissue these shares at a later date. All shares issued by the Parent Company were fully paid.



Subscribed Capital

On October 31, 2021, the Parent Company issued and offered for subscription its remaining unsubscribed shares from its authorized capital stock, amounting to 4,223,019 shares with a par value of ₱100 per share, to all its stockholders in proportion to their current shareholdings, fifteen working days from receipt of the Notice of Capital Call, or on or before November 12, 2021, whichever comes earlier. Thereafter, the aforementioned subscriptions shall be payable within a period of one year, or on or before November 12, 2022.

On March 22, 2022, the Parent Company received the full payment on the subscribed capital amounting to ₱289.0 million. The total proceeds from capital subscription amounted to ₱301.5 million as of December 31, 2022.

Deposit For Future Stock Subscriptions

On October 12, 2022, the increase in capital stock was approved by the Board of directors and stockholders, increasing the authorized capital stock from 1,000,000,000.00 or 10,000,000 shares at par value of P100.00 each to 3,000,000,000 divided into 10,000,000 common shares of the par value of ₱100.00 each and 20,000,000 preferred shares of the par value of ₱100.00 each.

On October 25, 2022, the Parent Company and Pin-An Holdings Corporation entered into subscription agreement where Pin-An Holdings Corporation shall subscribe to ten (10) million preferred shares with par value of ₱100 each for total subscription amounting to ₱1.0 billion.

The Parent Company received the following payments in 2022:

Payment Date	Amount
October 27, 2022	₱250,000,000
November 29, 2022	250,000,000
Total	₱500,000,000

On October 28, 2022, the Parent Company submitted the request for endorsement with the Insurance Commission which is a requirement to proceed with the amendment of the Articles of Incorporation and Bylaws to increase its authorized capital stock. Thereafter, the Parent Company received the endorsement by the IC dated November 14, 2022.

On November 17, 2022, the Parent Company submitted the documentary requirements to the SEC for the increase in authorized capital stock.

On March 16, 2023, SEC approved the increase in capital stock of the Parent Company to ₱3.0 billion divided into ten (10) million common shares and twenty (20) million preferred shares with par value of ₱100 each. The preferred shares are non-voting, redeemable at the option of the Parent Company, bearing cumulative preferential dividends computed using BVAL 1-year rate plus 150-basis points on the date of investment, with a floor rate of 2.50% per annum. There shall be no obligation to pay dividends if there are no unappropriated retained earnings, if there are insufficient net profits for the year, or if the regulatory ratios are not met.

On August 1, 2023, the Parent Company amended the subscription agreement with Pin-An Holdings Corporation subscribing to eight million five hundred thousand (8,500,000) preferred shares, with a total issue price of ₱1.0 billion.

On August 8, 2023, the Parent Company received from Pin-An Holdings Corporation the full payment of subscription amounting to ₱500.0 million and issued eight million five hundred thousand



(8,500,000) preferred shares with par value of ₱100 each. The remaining amount of ₱150.0 million was recorded in the “Capital paid in excess of par value” account in the statements of financial position.

The dividend in arrears related to the preferred shares amounted to ₱119.8 million and ₱44.4 million as of December 31, 2024 and 2023, respectively.

Retained Earnings

Appropriated Retained Earnings

On December 12, 2018, the BOD approved the appropriation of its retained earnings amounting to ₱150.0 million to fund the Parent Company’s existing and new projects for capital expenditures.

On December 9, 2020, the BOD approved an additional of ₱410.7 million appropriations to be used for business expansion purposes, specifically, for the establishment of additional PCCs and for various digital transformation projects.

On December 15, 2021, the BOD approved the release and revert of ₱303.3 million appropriated retained earnings to the unappropriated and unrestricted retained earnings, in view of the completion and/or cessation of different projects for which such amount had been previously appropriated. As of December 31, 2024, the capital expenditure for these projects is ongoing and expected to be completed within one year. Accordingly, the remaining appropriation is planned to be reversed and reverted back to unappropriated retained earnings in 2025 upon completion of the said projects.

Capital Management

The Parent Company’s primary capital management objective is to maximize shareholder value. No substantial changes were made in the objectives, policies or processes in 2024 and 2023. The Parent Company considers its equity as its capital, following the guidelines set by the IC (see Note 4).

24. Revenue

Membership Fees Earned from Medical plans - net

The movements in this account are as follows:

	2024	2023 (As restated)
Gross membership fees (Note 19)	₱29,110,795,933	₱26,101,900,905
Client experience refund (Note 8)	(44,301,443)	(159,002,446)
Gross membership fees, net of client experience refund	29,066,494,490	25,942,898,459
Decrease (increase) in unearned membership fee reserves (Note 19)	(1,225,009,818)	(1,194,765,944)
Membership fees earned from medical plans – net	₱27,841,484,672	₱24,748,132,515

Administrative Services Only (ASO) and application fees

Claims handling fees are fees based on fixed rates, ranging from 6.72% to 17.92% of the processed claims, that are charged to ASO accounts upon replenishment of their fund. Other rider fees include dental fees and accidental death and dismemberment fees, ranging from ₱100 to ₱1680 per member.



Set out below is the disaggregation of administrative services and application fees:

	2024	2023
Claims handling fees		
Out-patient	₱83,373,050	₱65,862,034
In-patient	50,410,820	56,704,574
Reimbursement	16,774,461	12,036,962
Others - bill back	338,155	215,310
Network access fee	106,781,970	78,120,393
PCC availments	98,486,729	43,542,756
Retainer fees	14,357,537	9,660,731
Dental fees	10,028,026	12,452,037
Others	11,112,555	8,411,263
	₱391,663,303	₱287,006,060

Others pertain to separate rider fees such as booklet charges for the ID cards, list of doctors, and life insurance on accidental death and dismemberment of ASO clients.

25. Healthcare Benefits and Claims and Commissions

This account consists of:

	2024	2023
Healthcare benefits		
Cost of availments	₱21,026,557,882	₱20,553,989,500
Provision for IBNR claims (Note 19)	1,265,967,233	1,159,450,897
Commissions (Note 19)	1,700,105,161	1,734,374,455
Other direct costs		
Claims processing, contractual services and PCC related expenses (Note 30)	621,329,260	498,805,560
Personnel expenses (Notes 16, 28 and 30)	327,025,876	309,393,666
Rent (Note 21)	11,028,284	9,313,861
Depreciation and amortization (Note 29)	2,068,265	6,965,240
Others	287,491,509	183,904,561
	₱25,241,573,470	₱24,456,197,740

Others include telecommunication, repairs, and maintenance janitorial, security and courier services.

26. General and Administrative Expenses

This account consists of:

	2024	2023
Professional and supervision fees	₱693,045,311	₱166,052,222
Personnel expenses (Notes 16, 28 and 30)	543,260,021	443,330,890
Repairs and maintenance (Note 30)	306,495,744	286,322,488
Provision for credit and other losses (Notes 8 and 18)	176,856,773	14,333,977

(Forward)



	2024	2023
Utilities and transportation	₱114,805,782	₱99,275,796
Depreciation and amortization (Note 29)	113,202,417	131,636,471
Taxes and licenses	70,199,975	70,781,056
Contractual services	47,986,674	56,393,449
Provision for contingency	37,565,419	-
Meetings and seminars	31,838,061	8,385,423
Advertising	24,597,860	2,808,546
Janitorial, security and other services	23,932,040	21,567,724
Rent (Notes 21 and 30)	15,553,937	14,585,988
Stationery and supplies	3,304,017	2,507,455
Association and membership dues	2,684,054	2,446,440
Entertainment, amusement and recreation	2,239,390	10,341,141
Information technology expenses (Note 9)	341,379	591,281
Others	52,991,979	44,925,671
	₱2,260,900,833	₱1,376,286,018

Others include meetings, seminars and conferences, advertising, insurance, bank charges, notarial fees, contingencies, and other miscellaneous expenses.

27. Selling and Marketing Expenses

This account consists of:

	2024	2023
Personnel expenses (Notes 16, 28 and 30)	₱510,055,890	₱499,577,088
Advertising	37,551,891	28,283,030
Utilities and transportation	14,134,054	10,496,604
Depreciation and amortization (Note 29)	13,852,983	10,677,223
Repairs and maintenance	2,290,000	16,747,996
Stationery supplies	1,078,282	1,984,042
Rent (Note 21)	176,532	1,885,530
Entertainment, amusement, and recreation	169,639	154,575
Others	63,015,722	23,057,084
	₱642,324,993	₱592,863,172

Others include consultancy fees, contractual services, subscriptions, and notarial fees.

28. Personnel Expenses

Details of personnel expenses included in the 'Healthcare benefits, claims and commissions', 'Selling and marketing expenses', and 'General and administrative expenses' follow:

	2024	2023
Salaries and wages	₱907,777,137	₱819,099,159
Other employee benefits (Notes 16 and 30)	472,564,650	433,202,485
	₱1,380,341,787	₱1,252,301,644



These personnel expenses were allocated as follows:

	2024	2023
General and administrative expenses (Note 26)	₱543,260,021	₱443,330,890
Selling and marketing expenses (Note 27)	510,055,890	499,577,088
Healthcare benefits, claims and commissions (Note 25)	327,025,876	309,393,666
	₱1,380,341,787	₱1,252,301,644

29. Depreciation and Amortization

Depreciation and amortization consist of:

	2024	2023
Property and equipment – net (Note 13)	₱77,551,870	₱102,431,150
Software cost – net (Note 14)	51,571,795	46,847,784
	₱129,123,665	₱149,278,934

Depreciation and amortization are presented as follows:

	2024	2023
General and administrative expenses (Note 26)	₱113,202,417	₱131,636,471
Selling and marketing expenses (Note 27)	13,852,983	10,677,223
Healthcare benefits, claims and commissions (Note 25)	2,068,265	6,965,240
	₱129,123,665	₱149,278,934

30. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions and parties are subject to common control or common significant influence, such as affiliates. Related parties may be individual or corporate entities to an entity through a member of key management personnel. Other related parties include companies indirectly connected to the Parent Company by reason of interlocking officers and those that are under common control such as affiliates.

The Parent Company, in the normal course of business, enters into transactions with its related parties. The amounts and related volumes and changes are presented in the summary below.



Generally, related party transactions are settled in cash. As of December 31, 2024 and 2023, outstanding balances of related party accounts are not impaired. Significant transactions with related parties are as follows:

Category	2024		Terms and Conditions
	Amount/ Volume	Outstanding Balance	
Major shareholders			
Cash dividend payable	₱—	₱7,914,718	Dividend payable to shareholders
Preferred stock	—	850,000,000	Receipt of payment of preferred shares subscription and transfer from DFFS
Capital paid in excess of par value	—	150,000,000	Receipt of payment of preferred shares subscription in excess of par
Subsidiary			
Medical plan receivables	—	153,627	Payable within one (1) month to six (6) months; non-interest bearing
Due from subsidiaries	—	500,000,000	Payable within one (1) year; non-interest bearing
Revolving fund	—	300,000,000	Provider's deposit
Other receivables	—	573,851	Payable within one (1) month to six (6) months; non-interest bearing
Investment in subsidiary	—	284,851,700	100% share subscription
Other payables	—	234,915,548	Payable within one (1) month to six (6) months; non-interest bearing
Earned membership fees	40,197,872	—	Amortized portion of the total contract value
Rental income	1,180,032	—	Rental income
Other income	364,329	—	Payable in 30 days; unsecured; non-interest bearing
Utilization expense	2,347,242,881	—	Payable after 15 days receipt of SOA
Associates			
Medical plan receivables	—	1,320,342	Payable within one (1) month to six (6) months; non-interest bearing
ASO receivables	—	19,871	Payable within one (1) month to six (6) months; non-interest bearing
Due from affiliates	—	1,078,544	Payable within one (1) month to six (6) months; non-interest bearing
Revolving fund	—	3,499,809	Provider's deposit
Other receivables	—	17,127,456	Payable within one (1) month to six (6) months; non-interest bearing
Prepayments	—	10,770,996	Payable in 30 days; unsecured; non-interest bearing
Investment in associates	—	89,264,592	Investment in common shares
Accounts payables	—	14,104,719	Payable within one (1) month to six (6) months; non-interest bearing
Other payables	—	9,090,808	Payable within one (1) month to six (6) months; non-interest bearing
Earned membership fees	3,922,027	—	Amortized portion of the total contract value
ASO Income	269,660	—	ASO Income
Other income	15,367,977	—	Payable in 30 days; unsecured; non-interest bearing
Utilization discount	787,382	—	Payable in 30 days; unsecured; non-interest bearing
Utilization expense	359,114,753	—	Payable in 30 days; unsecured; non-interest bearing
Other expenses	444,877	—	Payable in 30 days; unsecured; non-interest bearing
Share in net loss of an associates	8,031,517	—	Share in net loss of associates
Other Related Parties			
Cash in bank	—	99,901,736	Savings deposit with interest ranging from 0.50% to 1.00%
Cash equivalents	—	308,187,918	Interest rate ranging from 0.125% to 6.5%
Medical plan receivables	—	78,584,924	Payable within one (1) month to six (6) months; non-interest bearing
Other reserve experience refund	—	1,676,383	Amortized portion of experience refund
ASO receivables	—	34,210,958	Payable within one (1) month to six (6) months; non-interest bearing
Revolving fund	—	31,150,000	Provider's deposit
Rental receivables	—	1,758,889	Payable within first five days of the month without need of demand
Other receivables	—	11,170,173	Payable in 30 days; unsecured; non-interest bearing

(Forward)



2024			
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions
Prepayments	₱-	₱25,618,113	Payable in 30 days; unsecured; non-interest bearing
Property and equipment	-	271,021	Purchase of new laptops and computers
Rental deposit	-	3,170,640	Refundable upon end of the lease term
Unearned membership fees	-	213,653,613	Unamortized portion of total contract value
Accounts payables	-	88,189,730	Payable within one (1) month to six (6) months; non-interest bearing
ASO fund payables	-	2,604,854	Payable within one (1) month to six (6) months; non-interest bearing
Commission payable	-	13,779,352	Payable within one (1) month to six (6) months; non-interest bearing
Other payables	-	193,635,960	Payable in 30 days; unsecured; non-interest bearing
Earned membership fees	558,595,503	-	Amortized portion of the total contract value
ASO Income	8,090,951	-	ASO income
Interest income	13,354,656	-	Interest income from savings and time deposit
Rental income	2,588,956	-	Office rental
Other income	6,454,814	-	Payable in 30 days; unsecured; non-interest bearing
Utilization expense	235,834,591	-	Payable in 30 days; unsecured; non-interest bearing
Teleconsult	379,869,043	-	Payable in 30 days; unsecured; non-interest bearing
Contractual fees	663,357,469	-	Payable in 30 days; unsecured; non-interest bearing
Repairs and maintenance	147,560,270	-	Payable in 30 days; unsecured; non-interest bearing
Commission expense	106,744,897	-	Amortized portion based on contract
Advertising expense	24,223,984	-	Payable in 30 days; unsecured; non-interest bearing
Consultancy fees	18,898,506	-	Payable in 30 days; unsecured; non-interest bearing
Credit card	12,348,255	-	Payable in 20 days; unsecured; non-interest bearing; payment for credit card availments
Rental expense	10,637,220	-	Payable in 30 days; unsecured; non-interest bearing
Utilities expense	15,395,290	-	Payable in 30 days; unsecured; non-interest bearing
Transportation	4,210,823	-	Payable in 30 days; unsecured; non-interest bearing
Telecommunication	554,415	-	Payable in 30 days; unsecured; non-interest bearing
Other expenses	7,422,731	-	Payable in 30 days; unsecured; non-interest bearing

2023			
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions
Major shareholders			
Cash dividend payable	₱-	₱7,914,718	Dividend payable to shareholders
Preferred stock	-	850,000,000	Receipt of payment of preferred shares subscription and transfer from DFFS
Capital paid in excess of par value	-	150,000,000	Receipt of payment of preferred shares subscription in excess of par
Interest expense on long term loan	38,853,855	-	Recognized interest for long term loan
Subsidiary			
Medical plan receivables	-	371,808	Payable within one (1) month to six (6) months; non-interest bearing
Rent receivables	-	1,357,827	Payable within one (1) month to six (6) months; non-interest bearing
Investment in subsidiary	-	284,851,700	100% share subscription (Note 12)
Other payables	-	186,583,560	Payable within one (1) month to six (6) months; non-interest bearing
Earned membership fee	19,143,853	-	Amortized portion of the total contract value
Rental income	1,123,840	-	Rental income
Other income	88,505	-	Payable in 30 days; unsecured; non-interest bearing
Utilization expense	1,964,043,562	-	Payable after 15 days receipt of SOA

(Forward)



2023			
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions
Associates			
Medical plan receivables	P-	P3,293,745	Payable within one (1) month to six (6) months; non-interest bearing
Other receivables	-	2,738,008	Payable within one (1) month to six (6) months; non-interest bearing
Prepayments	-	36,236,363	Payable in 30 days; unsecured; non-interest bearing
AFS investments	-	-	Investment in preferred shares
Investment in associates	-	97,330,745	Investment in common shares
Revolving fund	-	3,494,960	Provider's deposit
ASO fund payables	-	110,227	Payable within one (1) month to six (6) months; non-interest bearing
Other payables	-	2,824,686	Payable within one (1) month to six (6) months; non-interest bearing
Earned membership fees	124,536	-	Amortized portion of the total contract value
ASO Income	133,113	-	ASO Income
Other income	308,608	-	Payable in 30 days; unsecured; non-interest bearing
Utilization expense	30,799,256	-	Payable in 30 days; unsecured; non-interest bearing
Contractual services	683,992	-	Payable in 30 days; unsecured; non-interest bearing
Utilization discount	595,079	-	Payable in 30 days; unsecured; non-interest bearing
Repairs and maintenance	36,350	-	Repairs and maintenance of computers and peripherals
Share in net loss of an associates	3,251,884	-	Share in net loss of associates
Other Related Parties			
Cash in bank	-	166,737,243	Savings deposit with interest ranging from 0.50% to 1.00%
Short term investments	-	1,734,210,760	Interest rate ranging from 3.625% to 3.875%
Medical plan receivables	-	4,009,327	Payable within one (1) month to six (6) months; non-interest bearing
Other reserve experience refund	-	1,676,383	Amortized portion of experience refund
ASO receivables	-	7,950	Payable within one (1) month to six (6) months; non-interest bearing
Due from affiliates	-	573,056	Payable within one (1) month to six (6) months; non-interest bearing
Rental receivables	-	2,267,133	Payable within first five days of the month without need of demand
Other receivables	-	2,485,287	Payable in 30 days; unsecured; non-interest bearing
Prepayments	-	7,130,011	Payable in 30 days; unsecured; non-interest bearing
Rental deposit	-	1,378,863	Refundable upon end of the lease term
Unearned membership fees	-	133,038,635	Unamortized portion of total contract value
ASO fund payables	-	1,328,044	
Commission payable	-	13,126,449	Payable within one (1) month to six (6) months; non-interest bearing
Other payables	-	148,719,212	Payable in 30 days; unsecured; non-interest bearing
Lease liability	-	1,261,720	Rental of building
Deposit from lessee	-	676,092	Refundable upon end of the lease term
Earned membership fees	427,658,885	-	Amortized portion of the total contract value
ASO Income	1,364,725	-	ASO income
Rental income	3,193,605	-	Office rental
Miscellaneous income	2,037,787	-	Common Usage Service Area & Utilities (CUSA)
Interest Income	85,011,537	-	Interest income from savings and time deposit
Utilization expense	626,847,601	-	Payable in 30 days; unsecured; non-interest bearing
Contractual fee	623,010,808	-	Payable in 30 days; unsecured; non-interest bearing
Teleconsult	128,316,098	-	Payable in 30 days; unsecured; non-interest bearing
Repairs and maintenance	99,526,432	-	Payable in 30 days; unsecured; non-interest bearing
Commission expense	75,043,258	-	Amortized portion based on contract
Consultancy fee	25,209,867	-	Payable in 30 days; unsecured; non-interest bearing
Rental expense	13,243,605	-	Payable in 30 days; unsecured; non-interest bearing
Employee's salary loan	11,819,589	-	Payable in 30 days; unsecured; non-interest bearing
Advertising Expense	10,744,065	-	Payable in 30 days; unsecured; non-interest bearing
Credit card	7,896,784	-	Payable in 20 days; unsecured; non-interest bearing; payment for credit card availments
Transportation	2,993,561	-	Payable in 30 days; unsecured; non-interest bearing
Utilities expense	1,255,683	-	Payable in 30 days; unsecured; non-interest bearing
Medical supplies expense	743,976	-	Payable in 30 days; unsecured; non-interest bearing
Other expenses	8,401,966	-	Payable in 30 days; unsecured; non-interest bearing

Contractual fees pertain to services rendered by various affiliate companies regarding processing of medical claims, call center services, and management of computers, systems and databases.



Consultancy fee pertains to services such as payroll processing and outsource accounting.

Professional and supervision fee pertains to recruitment services for manpower requirements and general and administration services.

In 2024, the Parent Company extended one-year, non-interest-bearing loans to its subsidiary to support the establishment of new primary care clinics as follows:

Availment Date	Amount
July 10, 2024	₱200,000,000
September 17, 2024	200,000,000
December 23, 2024	100,000,000
Total	₱500,000,000

Remuneration of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

In 2024 and 2023, compensation and fringe benefits of key management personnel included under ‘Healthcare benefits, claims and commission’, ‘General and administrative expenses’ and ‘Selling and marketing expenses’ in the statements of income follows:

	2024	2023
Short-term employee benefits	₱249,757,700	₱230,019,293
Post-employment pension benefits	5,910,572	4,956,262
	₱255,668,272	₱234,975,555

31. Commitments and Contingencies

a. VAT

In 2015, the Parent Company received a Final Assessment Notice (FAN) assessing the Parent Company for deficiency VAT in the amount of ₱419.8 million for taxable year 2012 based on the same premise as that of the 2008 and 2010 VAT assessments. The Parent Company timely filed its administrative protest against the VAT assessment but the same was prematurely denied by the BIR in 2015. Thus, in 2016, the Parent Company filed before the Court of Tax Appeals (CTA) a Petition for Review to assail the VAT assessment. In January 2020, the CTA Division rendered a Decision granting the Parent Company’s petition and setting aside the VAT assessment. In November 2021, the CTA *En Banc* sustained the ruling of the CTA Division. The BIR filed its motion for reconsideration but the same was denied by the CTA *En Banc*. In June 2022, the BIR filed its Petition for Review on Certiorari with the Supreme Court. Conclusively, in July 2023, the Supreme Court dismissed said petition and ultimately held the VAT assessment as null and void because of the manifest and evident denial of due process. The Commissioner of Internal Revenue filed a Motion for Reconsideration on November 7, 2023.

There have been no further developments as of the reporting date.

b. Other Pending Lawsuits and Claims

There are also other pending cases, lawsuits and claims involving the Parent Company in its normal course of business.



In the opinion of management, no provision from these claims and tax assessments were recorded by the Parent Company given the circumstances.

32. Notes to Statements of Cash Flows

The table below provides for changes in liabilities arising from financing activities:

	January 1, 2024	Additions	Payments	December 31, 2024
Lease liabilities	₱30,871,367	₱16,612,575	(₱12,012,826)	₱35,471,116
Dividends payable	136,884,589	–	(6,234,043)	130,650,546
Total liabilities from financing activities	₱167,755,956	₱16,612,575	(₱18,246,869)	₱166,121,662

	January 1, 2023	Additions	Payments	December 31, 2023
Loans payable	₱1,000,000,000	₱–	(₱1,000,000,000)	₱–
Lease liabilities	43,193,089	10,546,303	(22,868,025)	30,871,367
Dividends payable	137,200,472	–	(315,883)	136,884,589
Total liabilities from financing activities	₱1,180,393,561	₱10,546,303	(₱1,023,183,908)	₱167,755,956

The following are the noncash activities of the Parent Company:

1. Additions to right-of-use assets amounting to ₱14.1 million and ₱7.6 million in 2024 and 2023, respectively.
2. Transfer from CIP to software cost amounting to nil and ₱1.6 million in 2024 and 2023, respectively.
3. Deposit for future stock subscriptions amounting to ₱500.0 million was applied to newly issued preferred shares in 2023.

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

On November 25, 2010, the BIR issued RR 15-2010 to amend certain provisions of RR 21-2002. The Regulations provide that the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

The Parent Company reported and/or paid the following types of taxes in 2024:

VAT

- a. Net sales/receipts and output VAT declared in the Parent Company's VAT returns for 2024

Output VAT	₱3,174,984,826
Account title used:	
Basis of the Output VAT:	
Amount subjected to VAT but not considered as sales (Cash Receipts covered by Revenue Memorandum Circular No.16-2013)	985,613,937
Vatable Services	25,462,990,440
Zero-rated Sales	5,536,504,636
Exempt Sales	22,259,849
Leasing income	9,602,508
Total	₱32,016,971,370



b. Input VAT for 2024

Balance at January 1	₱20,989,434
Deferred input – Current amortized during the year	12,185,693
<u>Balance at December 31</u>	<u>₱8,803,741</u>

Balance of January 1	
Current year's domestic purchases/payments or importations for:	
Services lodged under cost of goods sold	₱490,187,812
Capital goods/expenditure	82,047,252
Capital goods subjected to amortization from previous period	12,185,693
<u>Total</u>	<u>584,420,757</u>
Claims for tax credit/adjustments	584,420,757
<u>Balance at December 31</u>	<u>₱-</u>

c. Taxes and Licenses for 2024

Taxes and licenses, local and national, include real estate taxes, licenses and permit fees for 2024:

License and permit fees	₱64,235,513
Registration fees	8,100
Fringe benefits taxes	1,647,942
Real property taxes	3,995,700
Documentary stamp taxes	312,620
Others – General and Administrative expenses	100
<u>Balance at December 31</u>	<u>₱70,199,975</u>

d. Withholding Taxes

Details of total remittances and withholding taxes payable as of December 31, 2024 are as follows:

	Total remittances	Balance
Expanded withholding taxes	₱875,411,426	₱64,990,425
Withholding taxes on compensation and benefits	131,192,453	16,544,940
Final withholding taxes	14,765,094	39,946
<u></u>	<u>1,021,368,973</u>	<u>81,575,311</u>
Final tax on fringe benefit	1,157,377	490,565
Final tax on interest income	62,904,113	-
<u>Total final tax</u>	<u>₱1,085,430,463</u>	<u>₱82,065,876</u>

The outstanding withholding tax payable as of December 31, 2024 represents the withholding taxes for the month of December 2024, which were remitted in January 2025.

Disclosure of ongoing tax cases are disclosed in Note 31 Commitments and Contingencies.

On May 15, 2024, the Parent Company received a BIR LOA for the audit of all taxes except VAT for taxable year 2022. This LOA is under examination as of the audit report date.



On June 7, 2024, the BIR issued a separate LOA for the audit of VAT for the same taxable year (2022), which was settled on February 6, 2025. A termination letter was issued on February 26, 2025.

On September 19, 2024, the Parent Company received a BIR LOA to examine the VAT for the taxable year 2023, which was settled on March 27, 2025. A termination letter was issued on April 8, 2025.

On February 4, 2025, the Parent Company received a LOA covering all taxes except VAT, for taxable year 2023. This LOA remains under examination as of the opinion date.

34. Approval of the Release of the Financial Statements

The financial statements were authorized for issue by the Parent Company's Board of Directors during its meeting held on April 23, 2025.





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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Maxicare Healthcare Corp.
Maxicare Tower, 203 Salcedo Street
Legaspi Village, Makati City

We have audited the accompanying parent company financial statements of Maxicare Healthcare Corp. (the Parent Company), as at December 31, 2024 and for the year then ended, on which we have rendered the attached report dated April 23, 2025.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has seventy-four (74) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Bernalette L. Ramos

Bernalette L. Ramos

Partner

CPA Certificate No. 0091096

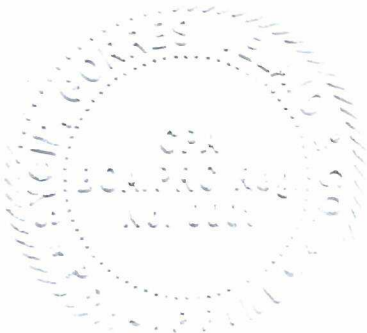
Tax Identification No. 178-486-666

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

BIR Accreditation No. 08-001998-081-2024, January 26, 2024, valid until January 25, 2027

PTR No. 10465367, January 2, 2025, Makati City

April 23, 2025



MAXICARE HEALTHCARE CORP.**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
DECEMBER 31, 2024 and 2023**

	2024	2023
Total audit fees	₱3,640,900	₱3,219,900
Non-audit services fees:		
Other assurance services	₱-	₱-
Tax services	-	-
All other services	69,050	-
Total Non-audit Fees	₱69,050	₱-
Total Audit and Non-audit Fees	₱3,709,950	₱3,219,900

Audit and Non-audit Fees of other related entities are as follows:

	2024	2023
Audit fees	₱2,490,000	₱1,890,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees	₱2,490,000	₱1,890,000