HEALTH PLAN PHILIPPINES, INC.

YEAR 2024 ANNUAL REPORT

UNIT 804 iSQUARE BLDG.
#15 MERALCO AVE.
SAN ANTONIO 1605 CITY OF PASIG
SECOND DISTRICT NATIONAL CAPITAL REGION
EMAIL: questions@ourhivehealth.com
WEBSITE: https://www.hppi.com.ph

Health Plan Philippines, Inc. was incorporated and registered with the Securities & Exchange Commission on May 23, 1986. Its primary purpose is to engage in the business of developing, conducting, maintaining, arranging for and promoting comprehensive medical and health maintenance services.

BOARD OF DIRECTORS

The Board of Directors and Management of Health Plan Philippines, Inc. is committed to adhering to the highest principles of good corporate governance. It is guided by the group's core values: Champion the Mission, Act Collaboratively, Test Fast, Uphold Integrity, and Strive for Excellence.

The Board of Directors is principally responsible for the compliance with the highest standard of good governance. The Board shall be responsible for approving and overseeing the implementation of the corporate plans and strategy. The Board shall provide an independent check on Management to ensure accomplishment of the corporate objectives.

The Board shall be composed of qualified directors with an appropriate mix of competence, expertise and diverse skills to enable it to perform its roles and responsibilities effectively. The Board of Directors shall be elected during each regular meeting of the stockholders and shall hold office for one (1) year and until successors are elected and qualified.

The Board of Directors of the Company shall have members not exceeding five (5) composed of executive and non-executive directors, the latter including independent directors. The non-executive directors shall constitute at least a majority of the Board to promote the independent oversight of management by the Board of Directors, and who shall be owners of at least one (1) share of the common stock of the Company. The Board shall have independent directors constituting at least twenty percent (20%) of the board.

The Company recognizes that a diverse Board strengthens governance, enriches strategic discussions, and supports well-balanced decision-making. Diversity brings a broad range of perspectives, experiences, and expertise that collectively enhance the Board's ability to oversee the Company effectively. The Company seeks to maintain a Board composition that reflects such diversity and supports its mission, values, and long-term sustainability.

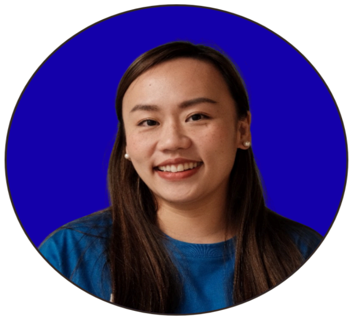
2024 Board of Directors

Camille Patricia Dominique Ang
Chairman of the Board

Ms. Camille Patricia Dominique Ang worked across various roles in the public-private partnership space with Macquarie, the world's largest infrastructure fund manager, as a Private Equity Executive, as well as with the Philippine government, McKinsey & Company, and the Rwandan Development Board. Camille has also worked in the technology space in Africa, particularly through Knife Capital, a leading venture capital firm in South Africa. Camille has an MBA from Harvard Business School and an MPA-International Development from the Harvard Kennedy School. She graduated from Ateneo de Manila University with a B.S. in Management Engineering.

Jiawen Tang
Director

Ms. Jiawen Tang has worked on data science and digital development initiatives with the International Monetary Fund (IMF), World Bank, and the United Nations. She led consumer financial services projects with Fortune 100 companies as an Engagement Manager at Oliver Wyman and worked on economic development initiatives with TechnoServe Swaziland. Jiawen has an MBA from Stanford Graduate School of Business and an MPA-International Development from Harvard University. She also graduated from Columbia University with a B.A. in Economics-Political Science.



Erika Alexandria Chua
Director

Dr. Erika Alexandria Chua was a co-founder of Immunoshield Incorporated, a Philippine remote care company focused on vaccine delivery, consultations, and laboratory testing. She has also had experience as a pediatrics resident at the Philippine Children's Medical Center as well as an emergency department physician at various hospitals. She is also an affiliate of the UK General Medical Council. She completed her medical degree simultaneously with her MBA in 2018 at the Ateneo School of Medicine and Public Health and Ateneo Graduate School of Business. Dr. Chua graduated with honors from Ateneo de Manila University with a B.S. Life Sciences specializing in Microbiology.

Edwin Mercado
Director

Dr. Edwin M. Mercado is an orthopedic surgeon with over 35 years of leadership experience in hospital management and health systems development. He previously served as President and CEO of the Mercado General Hospital and QualiMed Health Network, where he led its growth into a nationwide network of hospitals, clinics, and specialty centers. He has advised the Department of Health, the Zuellig Family Foundation, and the Asian Development Bank on health financing and system strengthening. Dr. Mercado holds graduate degrees from Harvard Medical School and the University of North Carolina, and completed his medical and undergraduate studies at the University of the Philippines. He served as an Independent Director of HPPI from February to December 2024.

Lyn Kae Go
Director

Ms. Lyn Kae Go is a seasoned finance professional with a decade of experience across fintech, retail, ecommerce, and aviation. She previously served as Head of Finance at NextPay and Finance Manager at Sunnies Inc. Earlier in her career, she held roles in fleet planning, network planning, and revenue management in Cebu Pacific. She holds an MS in Finance from the University of the Philippines and a BS in Management Engineering from Ateneo de Manila University, graduating with high honors.

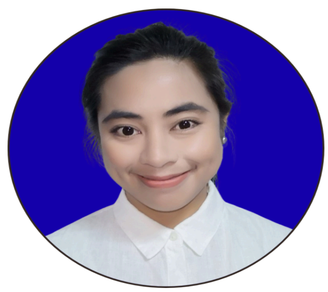
The Corporate Officers

Camille Patricia Dominique Ang
President and Chief Executive Officer

Lyn Kae Go
Treasurer

Benjamin Sanchez, Jr.
Medical Director

Dr. Benjamin Sanchez, Jr., earned his degree in Doctor of Medicine from the University of the Philippines after finishing BSE. Biology from the same university. He has extensive experience in healthcare services having been a Medical Director for more than 20 years. He has been the Medical Director of Health Plan Philippines, Inc. since the year 2011.



Rizzel Julienne Teña
Corporate Secretary

Rizzel Julienne Teña obtained her degree in Bachelor in Advertising and Public Relations from the Polytechnic University of the Philippines. She was appointed Corporate Secretary in the year 2020 and has served as such to the present.

Ma. Elena Querijero
Compliance Officer

Ma. Elena Querijero is a graduate of Bachelor of Laws from the University of the East and has been conferred a degree in Juris Doctor in April 2024. She has more than 18 years of experience in the field of Corporate Affairs. She was elected as Compliance Officer of the Company in the year 2020.

Board Meetings

The Board convenes regularly in accordance with the Company's By-Laws. A quorum is established with the presence of a majority of directors, and decisions are approved by a majority of those present, except for the election of officers, which requires the affirmative vote of a majority of all directors. The Corporate Secretary prepares the annual calendar of Board meetings prior to the start of the fiscal year, subject to adjustments based on directors' availability and other relevant considerations. Meetings are generally held quarterly, with additional sessions convened by the CEO or as provided in the By-Laws. The Corporate Secretary circulates meeting materials at least five days in advance, including minutes, management reports, financial summaries, and agenda items requiring Board action.

2024 Board of Directors Meetings

In 2024, the Board convened regularly with a majority of the Board in attendance.

Date of Regular/Special Meeting of the Board of Directors	Directors
13 June 2024 04 July 2024 12 July 2024 25 July 2024 12 August 2024 03 October 2024 18 October 2024	Camille Patricia Dominique Ang Jiawen Tang Erika Alexandria Chua Lyn Kae Go Edwin Mercado

The Stockholders' Meeting achieved 100% Attendance of all Shareholders

Date of Annual Stockholders Meeting	Directors
02 December 2024	Camille Patricia Dominique Ang Jiawen Tang Erika Alexandria Chua Lyn Kae Go Edwin Mercado

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	1	3	2	7	8	7		

C O M P A N Y   N A M E

HEALTH PLAN PHILIPPINES, INC.

P R I N C I P A L   O F F I C E *(No./Street/Barangay/City/Town/Province)*

UNIT 804 ISQUARE BLDG.

15 MERALCO AVENUE, SAN ANTONIO,

PASIG CITY 1605

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	IC

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number/s	Mobile Number
questions@ourhivehealth.com	N/A	0917-632-8973

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
7	APRIL 3	JUNE 30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
MA. ELENA QUERIJERO	questions@ourhivehealth.com	N/A	0917-632-8973

CONTACT PERSON's ADDRESS

UNIT 804 ISQUARE BLDG 15 MERALCO AVE. ORTIGAS CENTER, SAN ANTONIO, PASIG CITY, 1605 NCR

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof within information and complete contact details of the new contact person designated.*

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

ACYATAN & CO.
Certified Public Accountants

HEALTH PLAN PHILIPPINES, INC.

Financial Statement
June 30, 2024

HPPI
A SUBSIDIARY OF
Hive Health

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Health Plan Philippines, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the fiscal year ended June 30, 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as 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.

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

Signed this 16th day of May, 2025.

CAMILLE PATRICIA DOMINIQUE ANG
President and Chief Executive Officer

LYN KAE GO
Treasurer

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
HEALTH PLAN PHILIPPINES, INC.
Unit 804 iSquare Bldg. 15 Meralco Avenue, San Antonio
1605, City of Pasig, Second District, National Capital Region

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HEALTH PLAN PHILIPPINES, INC.** (the "Company"), which comprise the Statement of Financial Position as of June 30, 2024, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the fiscal year then ended, and Notes to Financial Statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **HEALTH PLAN PHILIPPINES, INC.**, as of June 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that The Company's operation for the current calendar year has resulted to a net loss of P9,105,678, thereby resulting in an accumulated deficit of P8,498,300 as of June 30, 2024. The Company's total liabilities exceeded the total assets, thus resulting to an accumulated capital deficiency of P8,498,300. As stated in Note 1, this current situation indicates the existence of a material uncertainty which may cast significant doubt about the Company's continuation as a going concern, therefore, the Company may be unable to realize its assets and settle its liabilities in the normal course of business. To address this material uncertainty related to going concern, the Management will implement certain plans as disclosed in Note 1 to improve its operations, financial condition and obtain profitable results in succeeding years.

Accordingly, the financial statements have been prepared on a going concern basis. These financial statements do not include any adjustments relating to the recoverability and classifications of carrying amounts of assets and liabilities that might result, should the Company be unable to continue as going concern. Our opinion is not modified in respect of this matter

Other Matters

The financial statements of the of **HEALTH PLAN PHILIPPINES, INC.**, as of and for the year then ended June 30, 2023 were audited by another auditor, whose report thereon, dated September 28, 2023 expressed an unmodified opinion on those statements. As described in Note 26, the financial statements for the fiscal year ended June 30, 2023, have been restated to correct certain misstatement. Accordingly, we do not express an opinion on the 2023 financial statements as a whole.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRS Accounting Standards and accounting principles generally accepted in the Philippines for Health Maintenance Organization (HMO) companies as described in Note 3 to the financial statements, and such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, along with any related safeguards, where applicable.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended June 30, 2024 as disclosed in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ACYATAN & CO., CPAs

ARMINDA T. ACYATAN-GUERRERO
Managing Partner
CPA Certificate No. 085531
Tax Identification No. 139-584-275
BOA/PRC Accreditation No. 0141 effective until April 30, 2026
IC Group A Accreditation
Partner No. 85531-IC, effective until Financial Period 2024
Firm No. 0141-IC, effective until Financial Period 2024
SEC Group C Accreditation
Partner No. 85531-SEC, effective until Financial Period 2025
Firm No. 0141-SEC, effective until Financial Period 2025
BIR Accreditation No. 07-100682-002-2023
Issued on September 21, 2023, effective until September 20, 2026
PTR No. 5715430; Issued on 01-03-2025 at Mandaluyong City

May 23, 2025
Mandaluyong City-Philippines

INDEPENDENT AUDITORS' REPORT
(In compliance with SRC Rule 68)

The Board of Directors and Stockholders
HEALTH PLAN PHILIPPINES, INC.
Unit 804 iSquare Bldg. 15 Meralco Avenue, San Antonio
1605, City of Pasig, Second District, National Capital Region

We have audited the accompanying financial statements of **HEALTH PLAN PHILIPPINES, INC.** (the "Company") for the fiscal year ended June 30, 2024, on which we have rendered the attached report dated May 23, 2025.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has six (6) stockholders owning one hundred (100) or more shares of the Company's capital stock as of June 30, 2025, as disclosed in Note 14 to the Financial Statements.

ACYATAN & CO., CPAs

AJAcyatan-Guerrero
ARMINDA T. ACYATAN-GUERRERO
Managing Partner
CPA Certificate No. 085531
Tax Identification No. 139-584-275
BOA/PRC Accreditation No. 0141 effective until April 30, 2026
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PTR No. 5715430; Issued on 01-03-2025 at Mandaluyong City

May 23, 2025
Mandaluyong City-Philippines

HEALTH PLAN PHILIPPINES, INC.

STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

(With Comparative Figures as of June 30, 2023 and July 1, 2022)

(In Philippine Peso)	Notes	As of June 30 2024	2023, As Restated	As of July 1 2022 As Restated
	ASSETS			
CURRENT ASSETS				
Cash	*5*	13,351,251	934,525	8,233,069
Trade and Other Receivables	*6*	51,951,193	50,778,875	43,437,876
Investment in Bonds	*9*	5,097,660	5,066,983	5,048,355
Other Current Assets	*7*	2,272,003	1,545,630	1,831,157
		72,672,107	58,326,013	58,550,457
NONCURRENT ASSETS				
Property and Equipment, Net	*8*	6,807,681	7,206,194	5,900,278
Deferred Tax Asset	*21*	1,589,998	-	-
		8,397,679	7,206,194	5,900,278
TOTAL ASSETS		81,069,786	65,532,207	64,450,735
	LIABILITIES AND CAPITAL DEFICIENCY			
CURRENT LIABILITIES				
Healthcare Plan Liabilities	*10*	53,245,425	46,475,587	42,661,760
Trade and Other Payables	*11*	14,376,899	4,960,022	17,504,850
Due to Affiliates	*19*	14,452,226	9,952,226	1,452,226
Lease Liability	*20*	658,036	-	-
Other Current Liabilities	*12*	5,507,764	1,107,031	641,364
		88,240,350	62,494,866	62,260,200
NONCURRENT LIABILITIES				
Deferred VAT Payable	*13*	1,327,736	2,429,963	1,647,194
		1,327,736	2,429,963	1,647,194
TOTAL LIABILITIES		89,568,086	64,924,829	63,907,394
EQUITY				
Share Capital	*14*	17,000,000	17,000,000	13,000,000
Deficit	*14*	(25,498,300)	(16,392,622)	(12,456,659)
TOTAL EQUITY		(8,498,300)	607,378	543,341
TOTAL LIABILITIES AND CAPITAL DEFICIENCY		81,069,786	65,532,207	64,450,735

(See Accompanying Notes to Financial Statements)

HEALTH PLAN PHILIPPINES, INC.

STATEMENT OF COMPREHENSIVE INCOME
For the Fiscal Year Ended June 30, 2024
(With Comparative Figures for the Year Ended June 30, 2023)

(In Philippine Peso)	Notes	2024	2023 As Restated
REVENUE	*15*	111,508,214	84,889,887
COST OF SERVICE	*16*	(100,842,940)	(65,886,161)
GROSS PROFIT		10,665,274	19,003,726
OTHER INCOME	*17*	48,909	57,738
GROSS INCOME		10,714,183	19,061,464
OPERATING EXPENSES	*18*	(21,196,554)	(17,487,878)
INCOME BEFORE TAX		(10,482,371)	1,573,586
INCOME TAX BENEFIT (EXPENSE)	*21*	1,376,693	(1,509,549)
TOTAL COMPREHENSIVE INCOME		(9,105,678)	64,037

The Company has no Other Comprehensive Income during the years 2024 and 2023

(See Accompanying Notes to Financial Statements)

HEALTH PLAN PHILIPPINES, INC.

STATEMENT OF CHANGES IN EQUITY

For the Fiscal Year Ended June 30, 2024

(With Comparative Figures for the Year Ended June 30, 2023)

(In Philippine Peso)	Share Capital *(Note 14)*	Retained Earnings (Deficit) *(Note 14)*	Total
Balances at June 30, 2022, as Restated	13,000,000	22,920,965	35,920,965
Prior Period Adjustments (Note 26)		(35,377,624)	(35,377,624)
Balances at July 1, 2022, as Restated	13,000,000	(12,456,659)	543,341
Stock Dividend Distribution	4,000,000	(4,000,000)	-
Net Income		64,037	64,037
Balances at June 30, 2023	**17,000,000**	**(16,392,622)**	**607,378**
Net Income		**(9,105,678)**	**(9,105,678)**
Balances at June 30, 2024	**17,000,000**	**(25,498,300)**	**(8,498,300)**

(See Accompanying Notes to Financial Statements)

HEALTH PLAN PHILIPPINES, INC.

STATEMENT OF CASH FLOW
For the Fiscal Year Ended June 30, 2024
(With Comparative Figures for the Year Ended June 30, 2023)

(In Philippine Peso)	*Notes*	2024	2023
CASH FLOWS TO (FROM) OPERATING ACTIVITIES			
Income Before Tax		(10,482,371)	1,573,586
Adjustments for:			
Interest Income Earned	*5 & 9*	(32,012)	(57,738)
Depreciation	*8*	3,088,303	1,408,245
Interest Expense	*20*	62,085	-
Operating Income before Working Capital Changes		(7,363,995)	2,924,093
Decrease/(Increase) in Assets:			
Trade and Other Receivables	*6*	(1,172,318)	(7,341,000)
Other Current Assets	*7*	(65,868)	(16,095)
Increase/(Decrease) in Liabilities:			
Healthcare Plan Liabilities	*10*	6,769,838	3,813,827
Trade and Other Payables	*11*	9,416,877	(12,544,830)
Deffered VAT Payable	*13*	(1,102,227)	782,770
Other Current Liabilities	*12*	4,400,734	465,666
Cash Provided by (Used in) Operations		10,883,041	(11,915,569)
Interest Income Received	*5*	1,335	39,111
Income Tax Paid	*21*	(873,811)	(1,207,926)
Net Cash Provided by (Used in) Operating Activities		10,010,565	(13,084,383)
CASH FLOWS TO INVESTING ACTIVITIES			
Acquisition of Property and Equipment	*8*	(979,939)	(2,714,161)
Cash Used in Investing Activities		(979,939)	(2,714,161)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional Advances from Affiliates	*19*	4,500,000	8,500,000
Lease Payments	*20*	(1,113,900)	-
Net Cash Provided by Financing Activities		3,386,100	8,500,000
NET INCREASE (DECREASE) IN CASH		12,416,726	(7,298,544)
CASH, JANUARY 1		934,525	8,233,069
CASH, DECEMBER 31	*5*	13,351,251	934,525

(See Accompanying Notes to Financial Statements)

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 – GENERAL INFORMATION

HEALTH PLAN PHILIPPINES, INC. (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on May 23, 1986, under SEC Registration No. 0000132787. The Company was incorporated primarily to engage in the business of developing, conducting, maintaining, arranging for and promoting comprehensive medical and health maintenance services, and for the implementation of said objective, to put up, establish, construct, organize and equip and/or accredit, contract and enter into agreements with medical clinics, hospitals and other medical establishments as well as duly- licensed physicians, surgeons and/or persons with specific medical specialties for the delivery of said services.

On November 12, 2015, the President of the Philippines issued Executive Order No. 192, series of 2015 transferring the regulation and supervision over Health Maintenance Organization (HMO) from the Department of Health (DoH) to the Insurance Commission (IC), directing the implementation thereof and for other purposes.

On September 1, 2023, the stockholders of the Company sold all of their respective shares to Hive Health Philippines, Inc. (HHPI), a Company incorporated and domiciled in the Philippines. HHPI's primary purpose is to engage in, operate, and carry on the business of providing a full range of information technology (IT) support to insurance, health and finance businesses. As of reporting date HPPI is a wholly-owned subsidiary of HHPI.

Going Concern

The Company's operation for the current calendar year has resulted to a net loss of ₱9,105,678, thereby resulting in an accumulated deficit of ₱8,498,300 as of June 30, 2024. However, the Management has reviewed its financial condition and operations and believed that positive results of operation could be achieved in the near future.

As of June 30, 2024, the Company's total liabilities have exceeded the total assets, thus resulting to an accumulated capital deficiency of ₱8,498,300. This condition was caused by the accumulated losses sustained in previous years' operations.

To address the capital deficiency, Management has injected an initial ₱35,500,000.00 in additional capital through Deposits for Future Subscription that is intended to be converted into Additional Paid-In Capital across January 24, 2025 and April 14, 2025.

To further enhance risk management intends to continue to expand membership, rationalize pricing, and optimize operating costs to improve gross profitability.

Accordingly, the Company's financial statements have been prepared on a going concern basis. These financial statements does not include any adjustments relating to the recoverability and classifications of carrying amounts of assets and liabilities that might result, should the Company may be unable to continue as going concern.

The address of the Company's principal office and registered place of business is at Unit 804 iSquare Bldg. 15 Meralco Avenue San Antonio 1605 City of Pasig Second District National Capital Regiion.

Approval for Issuance of Audited Financial Statements
On July 12, 2024, the Board of Directors of HEALTH PLAN PHILIPPINES INC. approved and authorized the issuance of these audited financial statements as of and for the fiscal year ended June 30, 2024 (including the comparatives as of and for the fiscal years ended June 30, 2023 and 2022, which attested by another auditor).

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Statement of Compliance
The financial statements have been prepared in compliance with the Philippine Financial Reporting Standard (PFRS) Accounting Standards as adopted by the Philippine Financial and Sustainability Reporting Standards Council.

The Company adopted PFRS in the preparation of the financial statements as the Company is a holder of a secondary license issued by the Insurance Commissions.

Functional and Presentation Currency
They are presented in Philippine Peso (₱) which is the Company's functional and presentation currency. All amounts are rounded to the nearest peso.

Basis of Measurement
The financial statements have been prepared on a historical costs basis unless stated otherwise.
Transition to the Philippine Financial Reporting Standards (PFRS)
The Company's financial statements for the year ended June 30, 2023 are its first financial statements prepared in accordance with the Philippine Financial Reporting Standards (PFRS). The Company's date of transition to the PFRS is at July 1, 2021. For all periods up to and including June 30, 2022, the Company prepared its financial statements in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs).

In accordance with PFRS 1, the Company's first financial statements prepared in accordance with PFRS, is presented as follows: the Statements of Financial Position, two Statements of Comprehensive Income, two Statements of Changes in Equity, two Statements of Cash Flows and related notes.

The Company's transition from PFRS for SEs to PFRS did not have any significant effect on the Company's Total Equity as of July 1, 2022 and June 30, 2023, and on the Total Comprehensive Income for the year ended June 30, 2023, hence, no reconciliation is presented.

NOTE 3 - MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

<u>Adoption of Amended Standards</u>

Effective in 2024 that are relevant to the Company
The Company adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

- **Amendments to PAS 1 and PFRS Practice Statement 2,** *Disclosure Initiative – Accounting Policies* - The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, Making Materiality Judgements, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 3.

- **Amendments to PAS 8**, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. The application of these amendments had no significant impact on the Company's financial statements.

- **Amendments to PAS 12**, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments narrowed the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

Effective in 2024 that is not relevant to the Company
Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Company's financial statements.

Effective Subsequent to 2024 but not Adopted Early
There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Company's financial statements:

- **Amendments to PAS 1**, *Classification of Liabilities as Current or Non-current* (effective from January 1, 2024) – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The application of these amendments had no significant impact on the Company's financial statements.

- **Amendments to PAS 1**, *Non-current Liabilities with Covenants* (effective from January 1, 2024) – The amendments clarifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period. The amendments also stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability and adding guidance about lending conditions and how these can impact classification including requirements for liabilities that can be settled using an entity's own instruments. The application of these amendments had no significant impact on the Company's financial statements.

- **Amendments to PAS 7**, *Cash Flow Statements* and **PFRS 7**, *Financial Statements disclosures - Supplier Finance Arrangements* (effective from January 1, 2024) – The amendments require additional disclosures that complement the existing disclosures in these two Standards. They require entities to disclose the terms and conditions of the arrangement, the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities are included on the statement of financial position, ranges payment due dates, and liquidity risk information. The application of these amendments had no significant impact on the Company's financial statements.

- **Amendments to PFRS 16**, *Lease Liability in a Sale and Leaseback* (effective from January 1, 2024) – The amendment issued additional guidelines on accounting for sale and leaseback transactions. The application of these amendments had no significant impact on the Company's financial statements.

- **Amendments to PAS 21**, *The Effect of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025) – The amendments include both updates to guidance to assist preparers in correctly accounting for foreign currency items and increases the level of disclosure required to help users understand the impact of a lack of exchangeability on the financial statements. The application of these amendments had no significant impact on the Company's financial statements.

- **PFRS 17**, *Insurance Contracts* – This standard will replace PFRS 4, Insurance Contracts. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

- In response to the challenges brought by the Covid-19 pandemic, the Insurance Commission issued Circular Letter 2020-062, Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025. The application of these amendments had no significant impact on the Company's financial statements.

Financial Instruments

Initial Recognition and Measurement
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through the amortization process.

As of June 30, 2024 and 2023, the Company's financial assets under this category include cash, trade and other receivables, investment in bonds, and deposits.

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

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

As of June 30, 2024 and 2023, the Company's health plan liabilities, trade and other payables, due to affiliates, lease liability and other payables are classified under this category.

Other Current Assets

This account includes prepayments and other current assets. Prepayments represent advance payments for income tax and other expenses which the Company expects to consume within one year. Other current assets include input VAT. Prepayments and other current assets are stated in the Statement of Financial Position at cost less any portion that has already been consumed or that has already expired.

Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes the purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the Statement of Financial Position at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized to allocate the cost of assets less their residual values over their estimated useful lives, as follows:

Particulars	Useful Lives
Condominium Space	20 years
Furniture and Fixture	3-5 years
Transportation Equipment	10 years
Medical Equipment	5-10 years
Office Equipment	5-10 years
Computer Systems Equipment	3-5 years
Small Tools, Ace and Others Equipment	3 years
Right of Use Asset	Lease Term

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their costs and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Impairment of Nonfinancial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Other Current Liabilities

This account includes VAT payable, withholding tax payable, and SSS, PHIC and HDMF payable. Other current liabilities are stated in the Statement of Financial Position at an undiscounted amount.

Equity

Share Capital
Share capital represents the total par value of the ordinary shares issued.

Equity instruments are measured at the fair value of the cash or other consideration received or receivable, net of the direct costs of issuing the equity instruments.

Deficit
Deficit include cumulative results of operations net of any dividend declaration, effects of changes in accounting policy and prior period adjustments.

Revenue Recognition

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

Membership Fees
Membership fees represent the considerations given by the members/clients in exchange for the healthcare services covered under an agreement where the Company assumes the risk of funding the members' healthcare services and related administrative costs. This relates to the fees earned or accrued during the accounting period arising from HMO agreements, inclusive of fees for riders and supplementary contracts, exclusive of value added taxes. This is computed based on the valuation standards for HMO agreements liabilities prescribed by the Insurance Commission. This is accounted for under PFRS 4, Insurance Contracts.

Administrative Fees
The Company holds and manages corporate funds for medical and hospitalization expenses referred to as ASO funds. Administrative fees refer to the amount earned by the Company for the administration of the fund and handling of claims payment under an ASO endorsement. This account is computed based on the valuation standards for HMO agreement liabilities prescribed by the Insurance Commission.

Finance Income
Finance income comprises interest income on cash and financial assets at amortized costs. Interest income is recognized in profit or loss as it accrues, using the effective interest method.

Cost and Expense Recognition

Cost and expenses are decreases in economic benefits in the form of decreases in assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are generally recognized when the goods or services are received or when the expenses are incurred.

Cost of Service
Cost of Service include members' health benefits and related servicing expenses, and any increase (decrease) in membership fee reserves. Members' health benefits and related servicing expenses provided or contracted for are recognized in the year in which the services are provided to a

member. The increase (decrease) in reserves the difference between the beginning and ending balances of the membership claims reserves which are determined by an actuary using actuarial valuation.

General and Administrative Expenses
General and administrative expenses constitute the cost of administering the business and are expensed as incurred.

Income Taxes

Income tax expense includes current tax expense and deferred tax expense. The current tax expense is based on taxable profit for the year. Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any Net Operating Loss Carry Over (NOLCO) or excess of Minimum Corporate Income Tax (MCIT) over the regular corporate income tax (RCIT). The net carrying amount of deferred tax asset is reviewed at each reporting date and any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Employee Benefits

Short-term Employee Benefits
Short-term benefits given by the Company to its employees include salaries and wages, compensated absences, 13th-month pay, employer share contributions and other de minimis benefits, among others.
These are recognized as an expense in the period the employees render services to the Company.

Retirement Benefits
The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was obtained during the year. The Management believes that the amount of provision for retirement benefits will not materially affect the fair presentation of the financial statements considering that there are only few employees.

Related Parties

A related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities that are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Leases

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

Company as Lessee
Subsequent to initial recognition, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from 5 years.

Short-term Leases
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date or initial application of PFRS 16 and do not contain a renewal or purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Provisions and Contingencies

Provisions are recognized only when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to transfer economic benefits in a settlement, and the amount of provision can be estimated reliably.

Contingent assets and liabilities are not recognized in the financial statements.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety; which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs the asset or liability.

Subsequent Events

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after the period end (non-adjusting events) are disclosed in the notes to the financial statements.

NOTE 4 - SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statement in accordance with Philippine Financial Reporting Standards requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which will cause the assumption used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

Judgments

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

Determining Fair Value Measurements
Where the fair value recognized in the Statements of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The Company uses judgments to select from a variety of valuation models and make assumptions regarding consideration of liquidity and model inputs such as correlation and volatility for longer-dated financial instruments. The inputs of these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value.

Assessing Lease Agreements
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

Company as Lessee
Leases, where the lessor retains substantially all the risks and benefits of ownership of the assets, are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

Estimates and Assumptions

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

Estimated Expected Credit Losses of Receivables
The Company incorporates forward-looking assessment of whether the credit risk on its financial instruments has increase since its initial recognition.

The Company considers a range of relevant forward-looking macro-economic factors affecting the ability of the customer to settle the receivables. These factors include gross domestic product and unemployment rate in the locations that it provides its loans. The Company also considers external actual and forecast information, including those published by government bodies and monetary authorities.

During the year, the Company provide provision for credit losses on receivables amounting to ₱273,509.

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

There were no changes in estimated useful lives of property and equipment during 2024 and 2023. The useful life of the equipment is disclosed in Note 3.

Estimating Realizability of Deferred Tax Assets

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

Deferred Tax Asset amounted to ₱1,589,998 and nil as of June 30, 2024 and 2023, respectively *(Note 21)*.

NOTE 5 - CASH

This account consists of:

(In Philippine Peso)	2024	2023
Petty Cash Fund	7,300	6,000
Cash in Bank	13,343,951	928,525
	13,351,251	934,525

Petty Cash Fund is used to defray petty expenditures of the Company subject for replenishment.

Cash in Bank consists of deposits from a reputable local bank that earns interest at the prevailing bank deposit rate.

Interest income earned from cash in bank amounted to ₱18,232 and to ₱39,111 for the years 2024 and 2023, respectively. This is included as part of "Other Income" in the Statement of Comprehensive Income.

NOTE 6 - TRADE AND OTHER RECEIVABLES

This account consists of:

(In Philippine Peso)	2024	2023
Accounts Receivable-Trade	28,960,115	29,981,965
Accounts Receivable-Others	18,456,396	18,456,396
Accounts Receivables - Nontrade	3,026,827	558,150
Advances to Affiliates	1,729,519	1,729,519
Advances to Officers and Employees	51,845	52,845
Total	52,224,702	50,778,875
Less: Allowance for Credit Losses	(273,509)	-
Carrying Value	51,951,193	50,778,875

Accounts Receivable-Trade refers to the membership fees billed to members as specified in the contract whether monthly, quarterly, semi-annually or annually.

Accounts Receivables-Others pertain to receivables from other than membership fees such as third party accounts (TPA), family medicine (FMA), reimbursements and suretyship.

Accounts Receivables – Nontrade refers to amount of receivables from SSS maternity benefits and other receivables.

Advances to Affiliates pertain to advances made to Luna Wellness which is unsecured, non-interest bearing and payable on demand.

Advances to Officers and Employees are non-interest-bearing and payable through salary deductions within twelve (12) months from the grant date.

No receivable has been pledged for any liability. The Company has no concentration of credit risk to a single debtor but spread over a number of debtors. Management assesses the impairment of receivables based on its collection experience with customers. Other factors such as solvency, earning capacity and the whereabouts of the borrowers and co-borrowers are also considered in the determination of the impairment.

During the year, the Company provide provision for credit losses on receivables amounting to ₱273,509.

NOTE 7 – OTHER CURRENT ASSETS

This account consists of:

(In Philippine Peso)	2024	2023
Deposits to Hospitals	990,500	990,500
Prepaid Income Tax *(See Note 21)*	699,321	38,815
Advances to Providers	300,000	300,000
Deferred Input VAT	154,015	154,015
Creditable Input VAT	128,167	62,300
	2,272,003	1,545,630

NOTE 8 – PROPERTY AND EQUIPMENT, NET

The movements in the property and equipment are as follows:

	June 30, 2024								
(In Philippine Peso)	Condominium Space	Furniture and Fixture	Transportation Equipment	Medical Equipment	Office Equipment	Computer System Equipment	Right-of-Use Asset	Small Tools, Ace and etc.	Total
Cost									
June 30, 2023	4,832,827	2,962,071	9,526,776	5,181,420	3,274,400	5,448,810	-	65,842	31,292,166
Additions	-	-	-	-	73,563	906,376	1,709,851	-	2,689,790
June 30, 2024	4,832,827	2,962,071	9,526,776	5,181,420	3,347,963	6,355,186	1,709,851	65,842	33,981,936
Accumulated Depreciation									
June 30, 2023	2,778,875	2,962,049	7,020,896	5,181,398	2,952,432	3,124,468		65,834	24,085,952
Depreciation	241,642		855,036		318,655	604,313	1,068,657		3,088,303
June 30, 2024	3,020,517	2,962,049	7,875,932	5,181,398	3,271,087	3,728,781	1,068,657	65,834	27,174,255
Net Carrying Amount	1,812,310	22	1,650,844	22	76,876	2,626,405	641,194	8	6,807,681

June 30, 2023								
(In Philippine Peso)	Condominium Space	Furniture and Fixture	Transportation Equipment	Medical Equipment	Office Equipment	Computer System Equipment	Small Tools, Ace and etc.	Total
Cost								
June 30, 2022	4,832,827	2,962,071	8,116,776	5,181,420	2,810,891	4,608,158	65,842	31,186,538
Additions	-	-	1,410,000	-	463,509	840,652	-	2,714,161
Write-off	-	-	-	-	-	-	-	(2,608,553)
June 30, 2023	4,832,827	2,962,071	9,526,776	5,181,420	3,274,400	5,448,810	65,842	31,292,146
Accumulated Depreciation								
June 30, 2022	2,537,234	2,962,049	6,342,259	5,181,398	2,808,098	2,780,835	65,834	25,286,260
Depreciation	241,641	-	678,637	-	144,334	343,633	-	1,408,245
Write-off	-	-	-	-	-	-	-	(2,608,553)
June 30, 2023	2,778,875	2,962,049	7,020,896	5,181,398	2,952,432	3,124,468	65,834	24,085,952
Net Carrying Amount	2,053,952	22	2,505,880	22	321,969	2,324,342	8	7,206,194

All depreciation expense for the years 2024 and 2023, were charged to operating expenses account in the Statement of Comprehensive Income.

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

There are no contractual commitments for the acquisition of property and equipment.

Management reviewed the carrying values of property and equipment as of June 30, 2024 and 2023 for any indication of impairment. Based on the evaluation, there were no indications that the assets are impaired.

NOTE 9 – INVESTMENTS IN BONDS

Investments in bonds pertains to fixed -income securities investments. The investment is measured at amortized cost, as the Company intends and has the ability to hold the investment until maturity. The investment is invested at Banco De Oro with an interest rate of 4.25% per annum. The investment was purchased at a discount, and the effective interest rate (EIR) used for amortization is approximately 3.424% per annum. The company acquired the bonds on May 27, 2022, and will hold until its maturity on April 7, 2025.

As of December 31, 2024 and 2023, the carrying value of the investments is as follows

(In Philippine Peso)	2024	2023
Face Value	5,100,000	5,100,000
Unamortized Discount	(2,340)	(33,017)
Carrying Value	5,097,660	5,066,983

Interest income earned during the years 2024 and 2023 amounted to ₱30,677 and ₱18,627, respectively, included under "Other Income" in the Statement of Comprehensive Income.

NOTE 10 – HEALTHCARE PLAN LIABILITIES

This account consists of:

(In Philippine Peso)	2024	2023
Membership Fee Reserves	42,273,360	39,321,787
Claims Reserves	10,491,899	6,844,086
ASO Reserves	480,166	309,714
	53,245,425	46,475,587

Membership Fee Reserves refers to all future claim payments and related expenses for agreement maintenance and claims settlement for membership fee-based benefits or where the fixed pre-paid fee is in the form of a membership fee where the risks are borne by the Company, to be made after the reporting date, arising from the future events for which the Company is liable under its HMO agreements and is computed as the higher of the Unearned Membership Fee Reserve (UMFR) and Unexpired Risk Reserve (URR) at a designated level of confidence. This account is computed based on the valuation standards for HMO agreement liabilities prescribed by the Insurance Commission, as follows:

(In Philippine Peso)	2024	2023
Unearned Membership Fee Reserves (UMFR)	36,515,265	39,321,787
Unexpired Risk Reserves (URR)		
Best Estimate of Future Claims	33,835,860	32,426,565
Best Estimate of Future Expense	4,715,345	4,159,889
Margin of Adverse Deviation (MFAD)	3,722,155	2,354,971
	42,273,360	38,941,425
Higher of UMFR and URR	42,273,360	39,321,787

Movements of the membership fee reserves are as follows:

(In Philippine Peso)	2024	2023
Beginning Balance	39,321,787	37,114,138
Fees collected during the year	82,974,202	82,943,294
Revenues earned during the year *(Note 15)*	(80,022,629)	(80,735,645)
	42,273,360	39,321,787

Claims Reserves refer to claims incurred but not yet paid as of the end of the accounting period for membership fee-based benefits or where the fixed pre-paid fee is in the form of a membership fee where the risks are borne by the Company. It includes claims due and unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported at designated level of confidence, as well as direct and indirect expense related to settling.

(In Philippine Peso)	2024	2023
Due & Unpaid Claims	4,620,796	1,726,650
Provision for Claims Reserves:		
Incurred But Not Reported Reserves	2,171,276	3,802,339
In Course of Settlement (ICOS)	2,852,966	686,535
Unallocated Loss Adjustment Expenses	602,057	519,958
Margin of Adverse Deviation	244,804	109,004
	5,871,103	5,117,836
	10,491,899	6,844,086

Administrative Service Only (ASO) Reserves refer to liabilities to members for fund-based benefits or where the fixed prepaid fee is in the form of the enrollment fee, administrative fee and the ASO cash fund. This represents the fund belonging to members which shall be used exclusively to pay their claims for medical utilization.

NOTE 11 – TRADE AND OTHER PAYABLES

This account consists of:

(In Philippine Peso)	2024	2023
Accounts Payable-Trade	9,461,655	4,278,827
Member's Deposit	3,392,686	681,195
Accounts Payable - Non Trade	1,522,557	-
	14,376,899	4,960,022

Accounts Payable – Trade are unsecured and non-interest bearing and are normally settled on 30 to 60 days term. This account includes amounts due and payable to suppliers, hospitals/medical establishments and doctors for the purchase of goods and/or payments for services and stated at their invoice value.

Accounts Payable – Nontrade are unsecured and non-interest bearing and are normally settled within 30 to 60 days. This account includes amounts due and payable to various service providers and suppliers not directly related to the Company's core activities such as rent, utilities, consultancy fees, office supplies, pest control, and acquisitions of fixed assets, and are stated at their invoice value.

Member's Deposit pertains to advance member contributions recorded as unearned income, which are non-interest bearing and applied to future coverage periods.

NOTE 12 – OTHER CURRENT LIABILITIES

This account consists of:

(In Philippine Peso)	2024	2023
VAT Payable	4,840,800	498,527
Withholding Tax Payable	203,809	174,816
SSS, PhilHealth and HDMF Payable	112,477	83,011
Other Payables	350,678	350,677
	5,507,764	1,107,031

NOTE 13 – DEFERRED VAT PAYABLE

Deferred VAT Payable refers to output tax on unpaid vatable sales as of the reporting period. As of June 30, 2024 and 2023, the balance of the deferred VAT payable amounted to ₱1,327,736 and ₱2,429,963, respectively.

NOTE 14 – EQUITY

Share Capital

The Company is authorized to issue seventeen million (17,000,000) ordinary shares with a par value of one peso (₱1.00) per share, of which has been issued and fully paid up as of June 30, 2024 and 2023.

The Company has six (6) stockholders as of June 30, 2024 and 2023 owning 100 or more shares each of the Company's share capital.

The reconciliation of the shares outstanding at the beginning and the end of the reporting periods follow:

	Number of Shares		Amount (₱)	
	2024	2023	2024	2023
Beginning	17,000,000	17,000,000	17,000,000	17,000,000
Issuance	-	-	-	-
Reacquisition	-	-	-	-
Ending	17,000,000	17,000,000	17,000,000	17,000,000

Deficit

Deficit include all current and prior period results of operations as disclosed in the Statement of Comprehensive Income. Deficit as of June 30, 2024 and 2023 amounted to (₱25,498,300) and (₱16,392,622), respectively.

NOTE 15 - REVENUE

This account consists of:

(In Philippine Peso)	2024	2023
Membership Fees	80,022,629	80,735,645
Administrative Fees	31,485,585	4,154,242
	111,508,214	84,889,887

NOTE 16 - COST OF SERVICE

This account consists of:

(In Philippine Peso)	2024	2023
Healthcare Benefits and Claims		
Outpatient claims and services	64,745,703	39,594,326
Inpatient claims/services	22,718,209	16,559,825
Medical professional fees	4,829,491	2,985,953
Retainers Fee - Medical	773,600	876,600
Increase/(Decrease) in Claims Reserves	3,647,813	1,868,788
Reimbursement Expenses	4,128,124	4,000,669
	100,842,940	65,886,161

Reimbursement expenses include expenses paid initially by members and reimburse to the Company.

NOTE 17 - OTHER INCOME

This account consists of:

(In Philippine Peso)	2024	2023
Interest Income from Investment in Bonds	30,677	18,627
Interest Income from Bank Deposits	18,232	39,111
	48,909	57,738

NOTE 18 – OPERATING EXPENSES

This account consists of:

(In Philippine Peso)	2024	2023
Compensation and Other Benefits	7,783,092	7,259,010
Professional Fee	2,846,299	2,047,865
Depreciation *(See Note 9)*	3,088,303	1,408,245
Commission and Incentives	1,108,377	785,967
Dues and Subscription	888,066	1,096,215
Marketing and Advertising	782,799	-
Office Supplies	751,603	260,131
Light, Water and Communication Expense	728,786	805,251
Taxes and Licenses *(See Note 27)*	705,461	653,361
Bank Charges	468,178	167,915
Penalties	300,313	183,299
Bad Debt Expense	273,509	-
Gas and Oil	233,758	162,759
Printing Reproduction	141,893	197,665
Representation	137,249	567,507
Insurance	131,166	185,683
Donation	114,000	489,000
Transportation and Travel	95,363	108,083
Interest on Lease	62,085	-
Repairs and Maintenance	37,862	103,648
Documentation and Notarial Fees	26,013	46,172
Legal Research Fee	20,200	150,387
Miscellaneous Expense	472,179	809,715
	21,196,554	17,487,878

Miscellaneous Expense includes training and education, uniforms, Christmas expenses and minimal amount of miscellaneous expense.

NOTE 19 – RELATED PARTY TRANSACTIONS

In the normal course of business, the Company has transactions with its related parties. None of the transactions incorporate special terms and conditions and no guarantees were given or received. Transactions are usually all settled in cash.

Significant transactions with related parties are as follows:

	Transaction Amount		Outstanding Balance	
Category	2024	2023	2024	2023
Trade and Other Receivables:				
Luna Wellness - Interlocking Director				
Advances	-	-	1,729,519	1,729,519
Due to Affil iates				
NALN Corp. - Affiliates				
Advances	4,500,000	8,500,000	14,452,226	9,952,226

Advances to Affiliates
The Company provided advances to its affiliates for working capital purposes. These advances are unsecured, non-interest bearing, due and demandable, and are collectible in cash.

Due to Affiliates
The Company has obtained advances from its affiliates for working capital purposes. These advances are unsecured, non-interest bearing, due and demandable, and are payable in cash.

Compensation of Key Management Personnels
Total compensation of key management personnel, which includes short-term employee benefits, for the years 2024 and 2023 amounted to ₱2,320,000 and ₱1,690,000, respectively. Short-term employee benefits include vacation salaries, vacation and sick leave, allowances and 13th-month pay.

NOTE 20 – LEASES

Company as Lessee

The Company signed a five-year lease effective September 1, 2023 ending August 31, 2028 over an office space for monthly rental of ₱108,600. The lease was pre-terminated on December 31, 2024 in view of the company's transfer to another location. Prior to September 1, 2023, the company occupied the office premises under a Usufruct Agreement, hence no rental expense was recorded in its book.

The Company's incremental borrowing rate used in the computation of lease liability is 6.00%.

The roll forward analysis of right-of-use asset follows:

(In Philippine Peso)	2024
Cost	
Balance, Beginning	1,709,851
Additions	-
Balance, Ending	1,709,851
Accumulated Depreciation	
Balance, Beginning	-
Depreciation	1,068,657
Balance, Ending	1,068,657
Net Carrying Amount	641,194

The roll forward analysis of lease liabilities follows:

(In Philippine Peso)	2024
Beginning Balance	-
Additions	1,709,851
Interest Expense *(Note 18)*	62,085
Payments	(1,113,900)
Ending Balance	658,036

The current and noncurrent portion of the lease liabilities are as follows:

(In Philippine Peso)	2024
Current	658,036
Noncurrent	-
	658,036

The maturity analysis of the undiscounted lease liabilities is as follows:

(In Philippine Peso)	2024
Within One Year	669,600
More than One Year to Five Years	-
	669,600

NOTE 21 – INCOME TAX

Income tax expense as presented in the Statement of Comprehensive Income for the years ended June 30 consists of:

(In Philippine Peso)	2024	2023
Current Tax Expense		1,509,549
Deferred Tax Benefit	(1,376,693)	-
Income Tax Expense	(1,376,693)	1,509,549

A reconciliation of income tax expense at statutory tax and as presented in the Statements of Comprehensive Income is as follows:

(In Philippine Peso)	2024	2023
Statutory Income Tax	(2,096,474)	314,717
Tax Effect of Permanent Differences:		
Interest Income subject to final tax	(9,782)	(9,778)
Non-Deductible Expenses		
Changes in Claims	729,563	607,652
Other Nondeductible	-	596,958
Income Tax Expense	(1,376,693)	1,509,549

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law on March 26, 2021 and took effect on April 11, 2021 which reduced the RCIT rate from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three years starting July 1, 2020.

An analysis of net deferred tax asset refer to the following as of June 30:

(In Philippine Peso)	Statements of Financial Position		Statements of Comprehensive Income - P&L	
	2024	2023	2024	2023
Deferred Tax Asset				
MCIT	213,305	-	-	-
NOLCO	1,318,623	-	1,318,623	-
Right-of-Use Asset	(128,239)	-	(128,239)	-
Lease Liability	131,607	-	131,607	-
Allowance for Credit Losses	54,702		54,702	
Deferred Tax Asset	1,589,998	-	-	-
Deferred Tax Expenses	-	-	1,376,693	-

MCIT is computed as follows:

(In Philippine Peso)	2024	2023
Taxable Gross Income	10,665,274	19,003,727
Tax rate	2%	1%
MCIT Due	213,305	190,037

Based on the figures presented, the Company is liable for the payment of RCIT for the years 2024 and 2023.

Income tax credits is computed as follows:

(In Philippine Peso)	2024	2023
Income Tax Due	213,305	1,509,549
Tax Credits:		
Prior years excess tax credits	(38,815)	(340,438)
Quarterly Tax Payments	-	(590,159)
Creditable Withholding Tax	(873,811)	(617,767)
Income Tax Credits	(699,321)	(38,815)

Details of MCIT during the year 2024 follows:

Year Incurred	Addition	Application	Expiration	Ending Balance	Expiry Year
2024	213,305			213,305	2027

The details of NOLCO for the year 2024 follow:

Year Incurred	Beginning Balance	Application	Expiration	Ending Balance	Expiry Year
2024	6,593,116	-	-	6,593,116	2027

NOTE 22 – RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination or risks. The Company's aim is to achieve an appropriate balance between risks and returns to minimize potential adverse effects on the Company's financial performance.

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

- Credit Risk
- Liquidity Risk
- Market Risk (particularly, price risk and interest rate risk)

Risk Management Framework

The BOD has overall responsibility for the Company's financial risk management, which includes establishment and approval of risk strategies, policies and limits, monitoring and evaluation of the risk in line with the set of policies and strategies.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The main risks arising from the Company's use of financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to this risk for various financial instruments, for example by granting receivables, placing deposits and investing in bonds.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties approved in accordance with the Company's credit policy.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the Statement of Financial Position or in the detailed analysis provided in the notes to the financial statements, as summarized below.

(In Philippine Peso)	2024	2023
Cash	13,351,251	934,525
Trade and Other Receivables - Gross	57,250,345	50,778,875
Short-Term Investments - Gross	5,100,000	5,100,000
	75,425,747	56,813,400

Cash and Short-term Investments

The credit risk for cash and short-term investments is considered negligible since the counterparties are reputable banks or counterparty with high-quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

Trade and Other Receivables

The Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customers and related party default rates, Management considers the credit quality of receivables and due from related parties that are not past due or impaired to be good. The past due accounts are considered fully collectible, thus, no ECL was provided.

The aging analysis of the Company's financial assets as of June 30, 2024 and 2023 is as follows:

		2024				
	Neither Past Due nor	Past Due but not Impaired			Past Due and	
(In Philippine Peso)	Impaired	1-60 Days	61-120 Days	> 120 Days	Impaired	Total
Cash	13,351,251				-	13,351,251
Trade and Other Receivables-Gross	9,544,808	12,225,203	740,043	29,441,138	-	51,951,193
Investments in Bonds - Gross	5,100,000				-	5,100,000
		12,225,203	740,043	29,441,138	-	70,402,444

		2023				
	Neither Past Due nor	Past Due but not Impaired			Past Due and	
(In Philippine Peso)	Impaired	1-60 Days	61-120 Days	> 120 Days	Impaired	Total
Cash	934,525	-	-	-	-	934,525
Trade and Other Receivables -Gross	2,074,665	2,687,759	9,172,115	36,844,336	-	50,778,875
Investments in Bonds - Gross	5,100,000	-	-	-	-	5,100,000
	8,109,190	2,687,759	9,172,115	36,844,336		57,113,400

Liquidity Risk
Liquidity risk refers to the risks that the Company will not be able to meet its financial obligations as they fall due. The Company is mainly exposed to liquidity risk through its maturing liabilities. The Company manages its liquidity needs by carefully monitoring scheduled payments for financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bonds, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 3-month projection. Long-term liquidity needs for a 3-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 7-to-30-day periods to ensure that maturing liabilities will be adequately met. Excess cash is invested in short-term placements and various equity and debt securities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of meeting agreements as of June 30, 2024 and 2023.

			2024		
(In Philippine Peso)	On Demand	Less than 3 Months	3-12 Months	More than 12 Months	Total
Health Plan Liabilities	53,245,425	-	-	-	53,245,425
Trade and Other Payables	19,402,542	-	-	-	19,402,542
Due to Affiliates	14,452,226	-	-	-	14,452,226
Other Payables	350,677	-	-	-	350,677
	87,450,870	-	-	-	87,450,870

	2023				
(In Philippine Peso)	On Demand	Less than 3 Months	3-12 Months	More than 12 Months	Total
Health Plan Liabilities	46,475,587				46,475,587
Trade and Other Payables	4,960,020	-	-	-	4,960,020
Due to Affiliates	9,952,226	-	-	-	9,952,226
Other Payables	350,677	-	-	-	350,677
	61,738,510	-	-	-	61,738,510

Market Risk

Market risk is the risk of loss of future earnings or future cash flows arising from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates; foreign currency exchange rates, equity prices and other market changes. The Company's market risk is manageable within conservative bounds. As of June 30, 2024 and 2023, the Company has its short-term investments exposed to changes in market changes.

Interest rate Risk

Interest rate risk is the risk to earnings or capital resulting from adverse movements in the interest rates. The economic perspective of interest rate risk focuses on the value of a bank in the current interest rate environment and the sensitivity of that value to changes in interest rates.

The Company is exposed to changes in market interest rates through its cash and cash equivalents, financial assets amortized cost, which is subject to variable interest rates. All other financial assets and liabilities have fixed rates.

As part of its risk management activities, the Company closely monitors the movements of interest rates in the market and reviews its asset and liability structures to ensure that exposure to fluctuations in interest rates is kept within acceptable limits.

The following is the maturity profile of the Company's interest-bearing financial instruments:

	2024			
(In Philippine Peso)	Within 1 year	1 - 3 Years	More than 3 Years	Total
Cash in Bank	13,351,251	-	-	13,351,251
Investments in Bonds	5,100,000	-	-	5,100,000
	18,451,251	-	-	18,451,251

	2023			
(In Philippine Peso)	Within 1 year	1 - 3 Years	More than 3 Years	Total
Cash in Bank	928,525	-	-	928,525
Investments in Bonds	-	5,100,000	-	5,100,000
	928,525	5,100,000	-	6,028,525

The interest rates of the interest-bearing financial instruments are as follows:

	2024		
(In Philippine Peso)	Within 1 year	1 - 3 Years	More than 3 Years
Cash in Bank	0.25% -0.40%	-	-
Investments in Bonds	4.25%	-	-

	2023		
(In Philippine Peso)	Within 1 year	1 - 3 Years	More than 3 Years
Cash in Bank	0.25% -0.40%	-	-
Investments in Bonds	-	4.25%	-

Price Risk
The Company's price risk exposure at reporting date relates to financial assets which values will fluctuate as a result of changes in market prices, principally, financial assets at FVPL. Such investment securities are subject to price risk due to changes in market values of instruments arising from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Company manages its risk arising from changes in market price by monitoring the changes in the market price of the environment.

NOTE 23 - CAPITAL MANAGEMENT

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

The table below summarizes the capital considered by the Company:

(In Philippine Peso)	2024	2023
Share Capital	17,000,000	17,000,000
Deficit	(25,498,300)	(16,392,622)
	(8,498,300)	607,378

The Company monitors its financial leverage using the debt-to-equity ratio.

(In Philippine Peso)	2024	2023
Total Liabilities	94,593,729	64,924,828
Total Equity	(8,498,300)	607,378
Debt to Equity Ratio	-11:1	107:1

There were no changes in the objectives, policies and processes from the previous year.

Regulatory Framework

Regulators are interested in protecting the rights of the enrolled members and maintain close vigil to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels. The operations of the Company are subject to the regulatory requirements of the Philippine Insurance Commission (IC). Such regulations not only prescribed approval and monitoring of activities but also impose certain restrictive provisions (e.g. financial capacity requirements).

Financial Capacity Requirements

On October 30, 2017 and July 29, 2016, the IC has issued Circular Letter (CL) No. 2017-50 and CL No. 2016-41, respectively, which provides financial capacity requirements for HMOs. The circulars were issued in line with the IC's objective to protect the interest of enrolled members and assure the continuance of health care services. The following summarizes the Company's compliance with the financial capacity requirements for HMOs in accordance with the said circulars.

Minimum Paid-up Capital

The Company, being an existing HMO, is subject to a minimum paid-up capital of at least ₱10,000,000. As of June 30, 2024 and 2023, the Company is in compliance with the said requirement and has paid-up capital of ₱17,000,000.

Deposit Requirement

HMOs shall deposit with the Commission or at the discretion of the Commissioner, trustee bank acceptable to the Commissioner through which a custodial account is utilized, cash, treasury bills, or any combination of these that are acceptable to the Commissioner which at all times shall have a value of not less than twenty-five percent (25%) of the HMO's actual paid-up capital as prescribed by the circular. The Company is subject to a minimum deposit requirement of at least ₱4,250,000 or 25% of its paid-up capital. As of June 30, 2024 and 2023, the Company has complied with this requirement by having deposit amounting ₱5,100,000, which are part of the Company's short-term investments.

Risk-based Capitalization

The Company is subject to maximum risk on membership determined by the following:

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

Gross membership fees pertain to the total annual fees arising from healthcare agreements of a pre-agreed set of health services. As of June 30, 2024 and 2023, the Company's gross membership fees amounted to ₱80,022,629 and ₱80,735,645, respectively, which are below the maximum allowed gross membership fees amounting to ₱85 million or 5 times of the Company's paid-up capital. The final amount of gross membership fees to be used can be determined only after the accounts of the Company have been examined by the IC.

Net worth requirement
The Company is subject to a minimum net worth of not less than its paid-up capital. As of June 30, 2024 and 2023, the Company is not in compliance with the said requirement since the Company has a net worth of ₱(8,498,300) and ₱607,378, respectively. The final net worth can be determined only after the accounts of the Company have been examined by the IC.

Liquidity Requirement
The Company is required to maintain an acid test ratio of at least 1.00. As of June 30, 2024 and 2023, the Company is not in compliance with the said requirement since the Company has an acid ratio of 0.78 and 0.85, respectively. The final acid test ratio is calculated by dividing current assets with current liabilities defined by the IC as follows:

- Current assets are composed of cash and other assets that are reasonably to be realized in cash or intended for the sale of consummation within twelve (12) months after the reporting date (balance sheet date), or the normal operating cycle of the business, unless it is restricted from being exchanged or settle a liability for at least twelve (12) months after the reporting date identified and verified by the IC as "current assets".

- Current liabilities are composed of claims payables, health fund/administrative services only, reserves, and obligations reasonably expected to be settled within the normal business operating cycle, that (a) is due within twelve (12) months after the reporting date, (b) is held primarily for the purpose of being traded, (c) does not have an unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting date.

Revaluation of Assets
The IC accepts only appraisal from an acceptable independent appraiser recognized by the Department of Trade and Industry (DTI) and/or any competent government office.

For the purpose of determining the net worth requirement, appraisal increase on property and equipment is not allowed, unless with prior written approval by the Commission. As of June 30, 2024 and 2023, the Company has no appraisal increment on property and equipment in its financial statements.

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 CL 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, (2) net worth and liquidity requirements defined by the same circular. The Company did not declare dividend in 2024 and 2023.

NOTE 24 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values and fair values of the Company's financial instruments are as follows:

	2024			
	Carrying	Fair Values		
(In Philippine Peso)	Values	Level 1	Level 2	Level 3
Financial Assets:				
Cash	13,351,251	-	13,351,251	-
Trade and Other Receivables	56,976,836	-	56,976,836	-
Investment in Bonds	5,097,660	-	5,097,660	-
Financial Liabilities:				
Health Plan Liabilities	53,245,425	-	53,245,425	-
Trade and Other Payables	19,402,542	-	19,402,542	-
Due to Affiliates	14,452,226	-	14,452,226	-
Other Payables	350,677	-	350,677	-

	2023			
	Carrying	Fair Values		
(In Philippine Peso)	Values	Level 1	Level 2	Level 3
Financial Assets:				
Cash	934,525	-	934,525	-
Trade and Other Receivables	50,778,875	-	50,778,875	-
Investment in Bonds	5,066,983	-	5,066,983	-
Financial Liabilities:				
Health Plan Liabilities	46,475,587		46,475,587	
Trade and Other Payables	4,960,020	-	4,960,020	-
Due to Affiliates	9,952,226	-	9,952,226	-
Other Payables	350,677	-	350,677	-

NOTE 25 - RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

(In Philippine Peso)	Due to Affiliates	Lease Liabilities	Total
Balance as of July 1, 2023	9,952,226	-	9,952,226
Cash flows from/(to) financing activities			
Loan Granted during the year	4,500,000	-	4,500,000
Repayment of Borrowings	-	-	-
Lease Payment	-	(1,113,900)	(1,113,900)
Non-cash Financing Activities			
Additions during the Year	-	1,709,851	1,709,851
Interest Amortization on Lease Liabilities	-	62,085	62,085
Balance as of June 30, 2024	14,452,226	658,036	15,110,262

(In Philippine Peso)	Due to Affiliates
Balance as of July 1, 2022	1,452,226
Cash flows from/(to) financing activities	
Loan Granted during the year	-
Repayment of Borrowings	8,500,000
Lease Payment	-
Non-cash Financing Activities	
Interest Amortization on Lease Liabilities	-
Balance as of June 30, 2023	9,952,226

NOTE 26 – CORRECTION OF PRIOR PERIOD ERROR

The Company's financial statements have been restated to correct a prior period error arising from failure to recognize the actuarial valuation on the health plan and to correct the recognition of investment in bonds.

The effects of the restatement on the financial statements line item are as follows:

(In Philippine Peso)	As Previously Reported	Restatement	As Restated
July 1, 2022			
Statement of Financial Position			
Investment in Bonds	5,100,000	(51,645)	5,048,355
Health Plan Liabilities	3,335,781	39,325,979	42,661,760
Trade and Other Liabilities	3,795,757	13,709,092	17,504,849
Stock Dividends Distributable	4,000,000	(4,000,000)	-
Unearned Income	13,709,092	(13,709,092)	-
Retained Earnings (Deficit)	22,920,965	(35,377,624)	(12,456,659)
June 30, 2023			
Statement of Financial Position			
Investment in Bonds	5,100,000	(33,017)	5,066,983
Health Plan Liabilities	5,766,388	40,709,199	46,475,587
Trade and Other Liabilities	4,378,824	681,196	4,960,020
Unearned Income	155,973	(155,973)	-
Retained Earnings (Deficit)	24,874,817	(41,267,439)	(16,392,622)
Statement of Comprehensive Income			
Revenue	84,889,887	-	84,889,887
Cost of Service	63,977,719	1,908,442	65,886,161
Other Income	39,111	18,627	57,738
Net Income	1,953,852	1,889,815	64,037

NOTE 27 - SUPPLEMENTARY INFORMATION REQUIRED UNDER RR 15-2010

In compliance with the requirements set forth by Revenue Regulations 15-2010 issued by the Bureau of Internal Revenue (BIR), hereunder is the information on taxes, duties and license fees paid or accrued during the taxable year:

Value Added Tax

The NIRC of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT.

Output VAT

Details of the Company's output tax declaration follow:

(In Philippine Peso)	Tax Base	Output VAT
Vatable Sales/Receipts	88,817,800	10,658,136
Exempt Sales/Receipts	25,840,084	-
Zero Rated Sales	45,010	-
	114,702,894	10,658,136

Input VAT

(In Philippine Peso)	
Balance, July 1	-
Current year's purchases/ payments for:	
Domestic Purchases of Goods	85,281
Domestic Purchases of Services	699,560
Amortization of Purchase of Capital Goods exceeding P1Million	46,204
Total	831,045
Claims for tax credit/refund and other adjustments	831,045
Balance, June 30	-

Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, licenses, and permit fees, lodged under the caption "Taxes and Licenses" accounts under "Operating Expenses" section, respectively, in the Statement of Comprehensive Income:

(In Philippine Peso)	
Business Permits and Licenses	686,064
Real Property Tax	19,397
Total	705,461
Included in Cost of Service	-
Included in Operating Expenses	705,461

ACYATAN & CO.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

The Board of Directors and Stockholders
HEALTH PLAN PHILIPPINES, INC.
Unit 804 iSquare Bldg. 15 Meralco Avenue, San Antonio
1605, City of Pasig, Second District, National Capital Region

We have audited the accompanying financial statements of **HEALTH PLAN PHILIPPINES, INC.** (the "Company"), which comprise the Statement Financial Position as of June 30, 2024, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, on which we have rendered the attached report dated May 23, 2025.

In compliance with Revenue Regulations No. V-020, we are declaring the following:

1. The supplementary information on taxes and licenses is presented in Note 27 to the financial statements.

2. No partner of our Firm is related by consanguinity or affinity to the president, manager, senior officers or principal stockholders of the Company.

ACYATAN & CO., CPAs

AIAcyatan-Guerrero
ARMINDA T. ACYATAN-GUERRERO
Managing Partner
CPA Certificate No. 085531
Tax Identification No. 139-584-275
BOA/PRC Accreditation No. 0141 effective until April 30, 2026
IC Group A Accreditation
Partner No. 85531-IC, effective until Financial Period 2024
Firm No. 0141-IC, effective until Financial Period 2024
SEC Group C Accreditation
Partner No. 85531-SEC, effective until Financial Period 2025
Firm No. 0141-SEC, effective until Financial Period 2025
BIR Accreditation No. 07-100682-002-2023
Issued on September 21, 2023, effective until September 20, 2026
PTR No. 5715430; Issued on 01-03-2025 at Mandaluyong City

May 23, 2025
Mandaluyong City-Philippines