



Special Purpose Financial Statements

HealthPlan Services, Inc.

For the years ended December 31, 2025 and 2024



HealthPlan Services, Inc.
Contents
December 31, 2025 and 2024

Independent Auditor's Report	1-2
Special Purpose Financial Statements	
Balance Sheets - Special Purpose	3
Statements of Operations - Special Purpose	4
Statements of Changes in Stockholder's Equity - Special Purpose	5
Statements of Cash Flows - Special Purpose	6
Notes to Financial Statements - Special Purpose	7-17

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
HealthPlan Services, Inc.

Opinion

We have audited the accompanying special purpose financial statements of HealthPlan Services, Inc., which comprise the balance sheets - special purpose as of December 31, 2025 and 2024, and the related special purpose statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the special purpose financial statements.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of HealthPlan Services, Inc. as of December 31, 2025 and 20234 and the results of its operations and its cash flows for the years then ended, in accordance with the financial reporting provisions of the Companies Act, 2013 as described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Special Purpose Financial Statements section of our report. We are required to be independent of HealthPlan Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared on the basis of the financial reporting provisions Section 137 of the Companies Act, 2013, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Companies Act, 2013. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified with respect to that matter

Responsibilities of Management for the Special Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with the financial reporting provisions of the Companies Act, 2013, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HealthPlan Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audits of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial

statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the special purpose financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the special purpose financial statements.
- 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 HealthPlan Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the special purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HealthPlan Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Restriction on Use

This report is intended solely for the information and use of the board of directors and management of HealthPlan Services, Inc., and for Wipro Limited, its ultimate holding company, for the purpose of meeting the requirements of the Companies Act, 2013, read with rules thereunder, and is not intended to be and should not be used by anyone other than these specified parties.

Sorren CPAs P.C.

Raleigh, North Carolina
February 27, 2026

HealthPlan Services, Inc and Subsidiary
**Balance Sheets-Special Purpose
As of December 31, 2025 and 2024
(In thousands)**

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents		
Unrestricted cash	\$ 20,177	\$ 7,139
Restricted cash (See Note 1)	1,712	242
Accounts receivable, net of allowance for expected credit losses of \$32 at December 31, 2025 and \$61 at December 31, 2024	21,584	20,960
Contract assets	10,583	11,081
Related party loan receivable, net	46,656	64,588
Prepaid expenses and other current assets	17,312	9,209
Total current assets	<u>118,024</u>	<u>113,219</u>
Property and equipment, net	4,666	4,257
Operating lease right-of-use assets, net	4,241	5,428
Finance lease right-of-use assets, net	39,059	7,165
Other assets	12,697	939
Total assets	<u>\$ 178,687</u>	<u>\$ 131,008</u>
<u>Liabilities and Equity</u>		
Current liabilities:		
Accounts payable	\$ 2,653	\$ 3,729
Premiums payable to carriers	2,302	2,143
Accrued liabilities	14,762	20,249
Current portion of operating lease obligations	995	1,344
Current portion of finance lease obligations	7,662	2,931
Other liabilities	17,525	10,534
Contract liabilities	836	339
Related party payables, net	29,389	21,251
Total current liabilities	<u>76,124</u>	<u>62,520</u>
Long-term liabilities:		
Operating lease obligations, less current portion	3,576	4,437
Finance lease obligations, less current portion	28,975	369
	<u>32,551</u>	<u>4,806</u>
Commitments and contingencies (See Note 8)		
Stockholder Equity:		
Common stock, \$0.01 par value, 1,000 shares issued and outstanding	-	-
Additional paid-in capital	106,000	106,000
Accumulated deficit	(35,988)	(42,318)
	<u>70,012</u>	<u>63,682</u>
Total liabilities and stockholder equity	<u>\$ 178,687</u>	<u>\$ 131,008</u>

See notes to the accompanying financial statements-special purpose

HealthPlan Services, Inc and Subsidiary

**Income Statements-Special Purpose
For the Years Ended December 31, 2025 and 2024
(In thousands)**

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 180,484	\$ 184,719
Operating expenses:		
Personnel expenses	57,056	66,096
General and administrative	53,418	72,697
Depreciation and amortization	10,483	5,100
Subcontracting expenses	23,650	20,999
Other operating expenses	1,903	22
Total operating expenses	<u>146,510</u>	<u>164,914</u>
Income from operations	33,974	19,805
Interest expense	(2,155)	(329)
Other income	3,140	4,214
Income before provision for income taxes	34,959	23,690
Provision for income taxes	10,629	9,156
Net income	<u>\$ 24,330</u>	<u>\$ 14,534</u>

See notes to the accompanying financial statements-special purpose.

HealthPlan Services, Inc and Subsidiary
**Schedule of Retained Earnings-Special Purpose
For the Years Ended December 31, 2025 and 2024
(In thousands)**

	Common Stock		Additional Paid-	Accumulated	Total Equity
	Shares	Amount	In Capital	Deficit	
Balance as of January 1, 2024	1,000	\$ -	\$ 106,000	\$ (23,852)	\$ 82,148
Dividends paid				(33,000)	(33,000)
Net income			-	14,534	14,534
Balance as of December 31, 2024	1,000	-	106,000	(42,318)	63,682
Dividends paid			-	(18,000)	(18,000)
Net income			-	24,330	24,330
Balance as of December 31, 2024	<u>1,000</u>	<u>\$ -</u>	<u>\$ 106,000</u>	<u>\$ (35,988)</u>	<u>\$ 70,012</u>

See notes to the accompany financial statements-special purpose.

HealthPlan Services, Inc and Subsidiary
**Cash Flow-Special Purpose
For the Years Ended December 31, 2025 and 2024
(In thousands)**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net income	\$ 24,330	\$ 14,534
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,483	5,100
Loss on disposal of equipment	1	23
Allowance for expected credit losses	(32)	26
Accounts receivable	(653)	(298)
Contract assets	498	1,056
Prepaid expenses, other current assets, and other assets	(8,103)	(636)
Accounts payable	(1,076)	105
Premiums payable to carriers	159	(119)
Accrued liabilities and other liabilities	(12,478)	5,655
Contract liabilities	497	(320)
Related party receivables, net	8,138	12,823
Net cash provided by operating activities	<u>21,764</u>	<u>37,949</u>
Cash flows from investing activities:		
Purchases of property and equipment	80	-
Proceeds from sale of property	(3,198)	(3,570)
Related party loan, net	20,217	(7,330)
Net cash provided by (used in) investing activities	<u>17,099</u>	<u>(10,900)</u>
Cash flows from financing activities:		
Dividends Paid	(18,000)	(33,000.00)
Payments on finance lease	(6,355)	(4,661)
Net cash (used in) financing activities	<u>(24,355)</u>	<u>(37,661)</u>
Net increase (decrease) in cash and cash equivalents	14,508	(10,612)
Cash and cash equivalents:		
Beginning of year	<u>7,381</u>	<u>17,993</u>
End of year	<u>\$ 21,889</u>	<u>\$ 7,381</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 2,155</u>	<u>\$ 329</u>
Income taxes paid	<u>\$ 11,760</u>	<u>\$ 519</u>
Supplemental disclosures of non-cash financing activities:		
Operating right-of-use asset obtained in exchange for operating lease liabilities	<u>\$ 1,693</u>	<u>\$ 1,779</u>
Finance right-of-ouse asset obtained in exchange for finance lease liabilities	<u>\$ 40,748</u>	<u>\$ 2,559</u>

See notes to the accompanying financial statements-special purpose.

HealthPlan Services, Inc.

Notes to Financial Statements – Special Purpose (In Thousands)

Note 1. Description of Business and Organization and Summary of Significant Accounting Policies

HealthPlan Services, Inc. (“HPSI”), a Florida corporation, is the largest independent provider of sales, service, retention and technology solutions to the insurance and managed care industry. Since 1970, HPSI has offered customized administration, distribution and technology services to insurers of individual, small group, voluntary and association plans, as well as valuable solutions to thousands of brokers and agents. HPSI’s proprietary, scalable technology provides innovative consumer-facing solutions that are turnkey self-service tools for insurance carriers and distribution partners. HPSI offers an ever-expanding array of services to a diverse and growing client base, and administers products that include medical (PPO, HMO, indemnity, consumer-driven), dental, vision, life, disability, cancer, critical illness, accident, long-term care, limited medical, as well as various other ancillary insurance. HPSI also provides services for the administration of the Affordable Care Act.

HPSI’s operations are based in Tampa, Florida and Canfield and Westerville, Ohio. HPSI hereinafter, referred to as “the Company”, “our”, or “we”. The Company’s parent is Wipro IT Services, LLC (the “Parent”).

The Company provides distribution, underwriting, administrative services (i.e. billing, claims and call centers), and technology solutions for insurance companies, health maintenance organizations, associations, individuals, small businesses, and larger employers. The Company functions solely as a service provider generating fee-based income and does not assume any underwriting risk. It operates as a single, integrated business entity by leveraging a shared information technology backbone, expertise in administration, management and facilities.

HPSI also provides sales support, administration, and claims adjudication services to the self-funded, ancillary, and commercial major medical markets.

A summary of the Company’s significant accounting policies are as follows:

Basis of Accounting: The special purpose financial statements of the Company have been prepared using a basis of accounting other than accounting principles generally accepted in the United States of America (“U.S. GAAP”) as the accompanying special purpose financial statements do not include the results of our wholly-owned subsidiary, HealthPlan Services Insurance Agency, LLC. The financial position, results of operations, and cash flows of HealthPlan Services Insurance Agency, LLC have not been consolidated with the Company as required by Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810, *Consolidation*. Additionally, the Company is not accounting for its investment in subsidiaries in accordance with FASB ASC 323, *Investments – Equity Method and Joint Ventures*. Instead, the Company has elected to account for its investment in subsidiaries at cost, less any impairments, which approximates fair value at December 31, 2025 and 2024. The special purpose financial statements include only the results of the Company as of and for the years ended December 31, 2025 and 2024 prepared on the accrual basis. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. The special purpose financial statements have been prepared for the purpose of meeting the requirements of Section 137 of the Companies Act, 2013, read with rules thereunder, by Wipro Limited, the Company’s ultimate holding company.

These special purpose financial statements have been prepared on a going concern basis, which assumes the realization of assets and satisfaction of liabilities in the normal course of business. These special purpose financial statements have been presented in U.S. Dollars, in thousands, which is the functional and reporting currency of the Company.

Use of estimates: The preparation of these special purpose financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews its estimates, including but not limited to, recoverability of long-lived assets, on a regular basis, and makes adjustments based on historical experiences and existing and expected future conditions. These evaluations are performed, and adjustments are made as information is available. Management believes that these estimates are reasonable; however, actual results could differ from these estimates.

HealthPlan Services, Inc.**Notes to Financial Statements – Special Purpose
(In Thousands)**

Basis of preparation of financial statements: All amounts included in the financial statements are reported in thousand USD except share and per share data, unless otherwise stated.

Revenue recognition: The Company's operating revenues consist of per member per month fees, which are based on services provided to the carrier's monthly serviceable members, fees charged for other administrative services, and fees based upon premiums collected on behalf of or collected by the insurance carriers.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted for as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligations based on their relative stand-alone selling price or the residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately. In cases where the Company is unable to determine the stand-alone selling price, the Company uses third-party prices for similar deliverables or the Company uses expected cost-plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

Revenues are recognized ratably over contractual periods or as claims processing and administrative services are performed. Minimum fixed and determinable revenue provided in contracts is also recognized on a straight-line basis, limited to amounts billable according to contractual terms. Revenues from customers with certain contingent rights and revenues based on a percentage of collected cash are not recognized until the corresponding cash is collected. For some of these carriers, whereby the Company has the authority to withhold the amounts related to agent commissions, such collections are directly recognized as revenue. Revenue collected in advance is recorded as a contract liability (deferred revenue) until the related services are performed.

Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the stand-alone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the stand-alone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the stand-alone selling price.

The Company accounts for variable considerations such as volume discounts, rebates, and pricing incentives to customers as a reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled.

Revenues are shown net of allowances/returns, sales tax, value added tax, goods and services tax, and applicable discounts and allowances.

Incremental costs that relate directly to a contract and are incurred in securing a contract with a customer are recognized as an asset when the Company expects to recover these costs and are amortized over the contract term.

HealthPlan Services, Inc.

Notes to Financial Statements – Special Purpose (In Thousands)

The Company recognizes contract fulfilment costs as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in the future; and the costs are expected to be recovered. The asset recognized is amortized on a systematic basis consistent with the transfer of goods or services to the customer to which the asset relates.

The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of financing to either the customer or us, no financing component is deemed to exist.

The Company may enter into arrangements with third party suppliers to resell products or services. In such cases, we evaluate whether we are the principal (i.e. report revenues on a gross basis) or agent (i.e. report revenues on a net basis). In doing so, we first evaluate whether we control the good or service before it is transferred to the customer. If we control the good or service before it is transferred to the customer, we are the principal; if not, we are the agent.

A. Contract Asset and Liabilities

The timing of revenue recognition may differ from the timing of invoicing to customers. The Company classifies its right to consideration in exchange for deliverables as either an accounts receivable or an unbilled receivable (contract asset).

Contract assets: Contract assets include unbilled amounts from projects when revenues recognized exceed the amounts invoiced to customers related to time and materials contracts or volume-based contracts. Such amounts are recoverable from customers based upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of a contract. Contract assets do not include capitalized costs to obtain and fulfill a contract.

During the year ended December 31, 2025, \$11,081 of unbilled revenue as of January 1, 2025, pertaining to fixed-price contracts, has been reclassified to trade receivables on completion of certain milestones. During the year ended December 31, 2024, \$12,137 of unbilled revenue as of January 1, 2024, pertaining to fixed-price contracts, has been reclassified to trade receivables on completion of certain milestones.

Contract liabilities: Contract liabilities arise when amounts invoiced to customers exceed revenues recognized under the cost-to-cost measurement of progress. Contract liabilities can also include advanced payments from customers on certain contracts.

During the year ended December 31, 2025, the Company recognized revenue of \$339 arising from opening unearned revenue as of January 1, 2025. During the year ended December 31, 2024, the Company recognized revenue of \$659 arising from opening unearned revenue as of January 1, 2024.

Contract assets and liabilities are reported in a net position on a contract by contract basis at the end of each reporting period.

B. Remaining Performance Obligations

Revenue allocated to remaining performance obligations represent contracted revenue that has not yet been recognized, which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Applying the practical expedient, the Company has not disclosed its right to consideration from customers in an amount that corresponds directly with the value to the customer of the Company's performance completed to date. These include contracts invoiced on a time and material basis or those that are volume-based.

HealthPlan Services, Inc.

Notes to Financial Statements – Special Purpose (In Thousands)

C. Disaggregation of Revenues

The table below presents disaggregated revenues from contracts with customers by contract-type. The Company believes that the below disaggregation best depicts the nature, amount, timing, and uncertainty of revenue and cash flows from economic factors for the years ended December 31:

<u>Revenue by nature of contract</u>	<u>2025</u>	<u>2024</u>
Time & materials	\$ 179,461	\$ 178,986
Fixed price and volume based	1,023	5,733
	<u>\$ 180,484</u>	<u>\$ 184,719</u>

Cash and cash equivalents: Cash and cash equivalents are defined as highly liquid investments that have maturities of three months or less when purchased. Cash and cash equivalents of the Company include bank accounts for one insurance carrier who is a client of the Company, amounting to approximately \$1,712 and \$242 as of December 31, 2025 and 2024, respectively, used to hold deposits for the carrier's premiums. The Company may only transfer this cash out of the accounts according to the terms between the Company and the carrier as stated within the contract. This amount is classified as restricted cash on the accompanying balance sheets.

As of December 31, 2025 and 2024, the Company had cash balances of approximately \$21,388 and \$6,880, respectively, in excess of limits insured by the Federal Deposit Insurance Corporation. This potentially subjects the Company to market and credit risk.

Accounts receivable: Accounts receivable are uncollateralized customer obligations that are recorded when the Company performs its services. The Company determines its allowance for expected credit losses considering a number of factors, including the overall aging of the receivables, previous history with the customer, contractual terms of the Company's contracts, and the customer's current ability to pay its obligation to the Company. Upon completion of all collection efforts, remaining uncollectible accounts are written off. As of December 31, 2025 and 2024, the Company had an allowance for credit losses of approximately \$32 and \$61, respectively.

Prepaid expenses and other current assets: Prepaid expenses and other current assets consist primarily of prepayments related to insurance, postage, and repair and maintenance contracts.

Property and equipment: Property and equipment is stated at cost. Costs of the assets acquired in prior business combinations have been recorded at their respective fair values at the date of acquisition. Expenditures for maintenance and repairs and research and development costs are expensed as incurred. Major improvements that increase the estimated useful life of an asset are capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives of the related assets:

	<u>Years</u>
Furniture and fixtures	3-10
Computer equipment and software	3-7
Plant and machinery	7-10
Office equipment	3-5

In accordance with FASB ASC Topic 350, *Intangibles-Goodwill and Other*, certain external direct costs of materials and services, internal payroll and payroll related costs, contracted programming costs, and other qualifying costs incurred in connection with developing or obtaining internal use software are capitalized. No such amounts were capitalized for the years ended December 31, 2025 and 2024.

HealthPlan Services, Inc.**Notes to Financial Statements – Special Purpose
(In Thousands)**

Premiums payable to carriers: The Company collects insurance premiums on behalf of certain insurance carrier customers and managed care customers. The amount of premiums collected in excess of the Company compensation for the services it provides are recorded as premium payable. These premiums are paid to the customers according to the contractual terms or to the customers' own agents and brokers on the behalf of the customers. As of December 31, 2025 and 2024, two customers represented \$1,343 and \$1,441, or 53% and 61%, respectively, of the total premiums payable outstanding.

Commissions payable: Agent commissions are recognized as expenses in the same period that corresponding revenues are recognized. These commissions are paid to the agents in the month after the related premiums are collected. Commissions payable are included in accrued liabilities on the accompanying balance sheets-special purpose.

Leases: The Company has both operating and financing leases for office space and IT equipment. We determine if a contract is, or contains, a lease at inception. A contract is, or contains, a lease if the contract conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration. We have the right to control the use of the identified asset when we have both of the following: the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. In making this determination, we consider all relevant facts and circumstances. Operating lease right of use ("ROU") assets are included in non-current assets and operating lease obligations are included in current and non-current liabilities on the accompanying balance sheets. Finance lease ROU assets are included in non-current assets and financing lease obligations are included in current liabilities on the accompanying balance sheets-special purpose.

Our ROU asset is recognized as the lease obligation including any initial indirect costs and any prepaid lease payments, less any lease incentives. Our lease obligations are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. Our lease payments consist of amounts relating to the use of the underlying asset during the lease term, specifically fixed payments, payments to be made in optional periods when we are reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease and the amounts probable of being owed by us under residual guarantees.

Our variable lease payments are excluded in measuring ROU assets and lease obligations because they do not depend on an index or a rate and are not in substance fixed payments. We exclude lease incentives and initial direct costs incurred from our lease payments. Our leases typically do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments.

For operating leases, after lease commencement, we measure our lease obligation for each period at the present value of any remaining lease payments, discounted by using the rate determined at lease commencement. We recognize a single operating lease expense calculated on a straight-line basis over the remaining lease term. The depreciation of the ROU asset increases each year as a result of the declining lease obligation balance.

In our accompanying statements of operations-special purpose, we recognize lease expense within general and administrative expense.

Income taxes: The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary difference between the financial statements carrying amounts of existing asset and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax asset and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of change in tax rate on deferred tax asset and liabilities is recognized in income in the period the change is enacted.

HealthPlan Services, Inc.

Notes to Financial Statements – Special Purpose (In Thousands)

The Company files consolidated income tax returns with its parent company in the U.S. federal jurisdiction and various states, whenever applicable, and records its share of the consolidated federal tax liability on a separate return basis. The Company regularly reviews the likelihood of additional tax assessments and adjusts its reserves as additional information or events require. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax asset will not be realized. The Company believes that its tax positions comply with applicable tax laws and that the Company has adequately provided for applicable tax matters for the period ended December 31, 2025 and 2024.

The Company accounts for uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statements benefit or liability is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit or liability to be recognized is measured as the largest amount of benefit or liability that is greater than 50% likely of being realized upon ultimate settlement. Management has determined there are no uncertain income tax positions requiring recognition in the accompanying financial statements. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal for years before 2021.

Note 2. Concentration of Customers

The Company is party to a variety of contracts with insurance companies, managed care organizations, and other health care provider customers located throughout the U.S. to provide third-party marketing, administration, claims and data management services, and other value-added services.

Major customers are those that account for 10% or more of the Company's total revenue for the years ended December 31, 2025 and 2024, or have net receivable balances as of December 31, 2025 and 2024, in excess of 10% of total accounts receivable, net of the allowance for expected credit losses.

As of December 31, 2025, four customers represented over 84% of accounts receivable, and for the year ended December 31, 2025, the same four customers represented 90% of total revenue as follows:

	<u>Receivables</u>	<u>Revenue</u>
Customer A	\$ 63	\$ 23,613
Customer B	\$ 6,362	\$ 51,800
Customer C	\$ 5,421	\$ 49,542
Customer D	\$ 6,362	\$ 36,910

As of December 31, 2024, four customers represented over 79% of accounts receivable, and for the year ended December 31, 2024, the same four customers represented 95% of total revenue as follows:

	<u>Receivables</u>	<u>Revenue</u>
Customer A	\$ 1,807	\$ 40,621
Customer B	\$ 4,360	\$ 61,602
Customer C	\$ 5,218	\$ 34,895
Customer D	\$ 5,127	\$ 38,129

HealthPlan Services, Inc.**Notes to Financial Statements – Special Purpose
(In Thousands)****Note 3. Accounts Receivable, Contract Assets and Contract Liabilities**

Contract balances are included in the accompanying balance sheets under the following captions at:

	December 31, 2025	December 31, 2024	January 31, 2023
Contract assets	\$10,583	\$11,081	\$12,137
Contract liabilities	\$ 836	\$ 339	\$ 659
Accounts receivable, net	\$21,584	\$20,960	\$20,688

Note 4. Property and Equipment

Property and equipment consisted of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Furniture and fixtures	\$ 69	\$ 148
Computer equipment and software	19,322	24,418
Plant and Machinery	40	-
Office equipment	96	227
	<u>19,527</u>	<u>24,793</u>
Less: accumulated depreciation & amortization	<u>(14,861)</u>	<u>(20,536)</u>
	<u>\$ 4,666</u>	<u>\$ 4,257</u>

During the year ended on December 31, 2025 and 2024, the Company disposed assets with a total net book value of \$1 and \$23, respectively.

Note 5. Leases

The Company leases certain buildings and equipment and recognizes them as operating leases. Most operating leases included one or more options to renew, with renewal terms that can extend the lease term from one to five years. The Company leases IT equipment recognized as finance leases. Most finance leases included one or more options to renew for month-to-month for an unlimited period.

<u>Financial Statement Line Item</u>	<u>Balance Sheet Classification</u>	<u>2025</u>	<u>2024</u>
Operating lease right of use assets, net	Other noncurrent assets	\$ 4,241	\$ 5,428
Finance lease right of use assets, net	Other noncurrent assets	\$ 39,059	\$ 7,165
Operating lease obligations - current	Other current liabilities	\$ 955	\$ 1,344
Finance lease obligations – current	Other current liabilities	\$ 7,662	\$ 2,931
Operating lease obligations - non current	Other noncurrent liabilities	\$ 3,576	\$ 4,437
Finance lease obligations - non current	Other noncurrent liabilities	\$ 28,975	\$ 369

HealthPlan Services, Inc.**Notes to Financial Statements – Special Purpose
(In Thousands)**

Other supplemental information related to operating leases includes the following as of and for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Weighted-Average Remaining Contractual Lease Term (Years):		
Operating leases	3.8	4.5
Finance leases	5.1	0.4
Weighted-Average Discount Rate:		
Operating leases	5.45%	5.40%
Finance leases	6.07%	6.47%
Cash paid for amounts included in measuring operating lease liabilities:		
Operating cash outflows from operating leases	\$1,714	\$1,933
Operating leases assets obtained in exchange for lease obligations	\$1,698	\$1,779

Operating lease rent paid is included in general and administrative expenses in the accompanying statements of operations-special purpose during the years ended December 31, 2025 and 2024 totaled \$1,714 and \$1,933 respectively.

Finance lease costs totaled \$9,930 and \$2,558 for the years ended December 31, 2025 and 2024 and consist of interest and depreciation included in interest expense and depreciation and amortization on the accompanying statements of operations-special purpose.

As of December 31, 2025 and 2024, future minimum rental commitments required under the terms of the existing operating leases are as follows:

<u>Period</u>	<u>2025</u>	<u>2024</u>
0-1 Year	\$ 1,216	\$ 1,619
1-2 Years	1,315	1,255
2-3 Years	1,211	1,253
3-4 Years	1,228	1,148
4-5 Years	115	1,166
More than 5 Years	-	99
Future Minimum Lease Payments	5,085	6,540
Less: Amounts representing interest	(514)	(759)
Present value of minimum lease payments	4,571	6,110
Less: Current portion	(995)	(1,344)
Long-term portion	\$ 3,576	\$ 4,437

HealthPlan Services, Inc.**Notes to Financial Statements – Special Purpose
(In Thousands)**

As of December 31, 2025 and 2024, future minimum rental commitments required under the terms of the existing finance leases are as follows:

Period	2025	2024
0-1 Year	\$ 9,629	\$ 2,981
1-2 Years	8,030	375
2-3 Years	8,030	-
3-4 Years	8,030	-
4-5 Years	8,030	-
More than 5 Years	668	-
Future Minimum Lease Payments	42,417	3,356
Less: Amounts representing interest	(5,780)	(56)
Present value of minimum lease payments	36,637	3,300
Less: Current portion	(7,662)	(2,931)
Long-term portion	\$ 28,975	\$ 369

Note 6. Employee Benefit Plans

Defined contribution plan: The Company has a defined contribution employee benefit plan established pursuant to Section 401(k) of the Internal Revenue Code covering substantially all employees. A total of 869 and 559 employees participated in the plan at December 31, 2025 and 2024, respectively. The Company matches all of the employee contributions in the plan limited to 3% of the employee's salary plus an additional 50% match on the next 2% of the employee's salary. Under the provisions of the plan, participants' rights to employer contributions vest 100% on the date the employee completes one year of service with the Company and meets a plan entry date for matching purposes (i.e. first day of the quarter).

The Company's matching expense in connection with this plan for the years ended December 31, 2025 and 2024 was \$1,183 and \$1,199 respectively, and is included in personnel expenses in the accompanying statements of operations-special purpose.

Note 7. Related Party Transactions

During the years ended December 31, 2025 and 2024, Wipro Group companies paid \$1,819 and \$4,144, respectively, in net revenue to the Company and the Company paid \$21,713 and \$19,492, respectively, to Wipro Group companies for various services. The transactions for services provided by Wipro Group companies are included in subcontracting expenses and interest expense in the accompanying statements of operations.

The related party loan receivable balance as of December 31, 2025 and 2024 is \$46,656 and \$64,588 respectively. The loans have an effective interest rate of SOFR rate plus 85 basis points and mature in March 2026.

HealthPlan Services, Inc.

Notes to Financial Statements – Special Purpose (In Thousands)

Note 8. Commitments and Contingencies

Regulatory compliance: The Company’s activities are highly regulated by state and federal regulatory agencies under requirements that are subject to broad interpretations. The Company cannot predict the position that may be taken by these third parties that could require changes to the manner in which the Company operates.

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”) is an evolving area of law and is subject to ongoing regulatory and judicial interpretations. ERISA governs the relationships between certain health benefit plans and the fiduciaries of those plans. In general, ERISA is designed to protect the ultimate beneficiaries of the plans from wrongdoing by the fiduciaries. ERISA provides that a person is a fiduciary of a plan to the extent that such person has discretionary authority in the administration of the plan or with respect to the plan’s assets.

Each employer is a fiduciary of the plan it sponsors, but there also can be other fiduciaries of a plan. ERISA imposes various express obligations on fiduciaries. For example, a fiduciary must prevent its plan from engaging in certain prohibited transactions with parties in interest or from acting under an impermissible conflict of interest with a plan. Generally, a party in interest with respect to a plan includes a fiduciary of the plan and persons that provide services to the plan.

State regulation: The Company is subject to regulation under health care, insurance, and other laws of all 50 states, the District of Columbia, and Puerto Rico. Many states require the Company or its employees to receive regulatory approval or licensure to provide claims administration services. State regulators have relatively broad discretion to interpret these laws when granting, renewing or revoking licenses or approvals. Regulators could construe some of these laws to prohibit or restrict practices that have been significant factors in the Company’s operating procedures for many years.

Litigation: The Company is subject to pending and threatened litigation that arises in the ordinary course of business. As of December 31, 2025, the Company is being sued in relation to a dispute with one employee. Based on the advice of legal counsel and the ongoing developments of the case, it is expected that the Company will incur a loss. As such, the Company has accrued for \$75 in legal expenses related to this pending lawsuit. The Company continues to monitor the case and may adjust the accrual amount as further information becomes available.

Note 9. Income Taxes

The Company files a consolidated federal tax return with other Wipro Group Companies in the U.S. and records its share of the consolidated federal tax expense/(benefit) on a separate return basis. The Company’s income tax benefit for the year ended December 31, 2025 and 2024, consisted of the following:

	<u>2025</u>	<u>2024</u>
Current Income tax benefit	\$ 7,058	\$ 6,649
Deferred Income tax benefit	3,571	2,507
	<u>\$ 10,629</u>	<u>\$ 9,156</u>

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company’s assets and liabilities. Differences are primarily attributable to depreciation and amortization, contract liabilities, and accrued liabilities.

HealthPlan Services, Inc.**Notes to Financial Statements – Special Purpose
(In Thousands)**

Note 10. Subsequent Events

Management has evaluated subsequent events through February 27, 2026, which is the date through which the financial statements were available to be issued. No significant subsequent events have been identified by management.