Financial Statements and Report of Independent Certified Public Accountants

Molina Healthcare of Arizona, Inc.

December 31, 2025 and 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholder
Molina Healthcare of Arizona, Inc.

Opinion

We have audited the financial statements of Molina Healthcare of Arizona, Inc. (the "Plan"), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of comprehensive income, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan 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.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material

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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 financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Plan'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan'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 audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the incurred and paid claims development information and the historical claims duration information for the years ended December 31, 2024 and 2023, as set forth in Note 5, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
We have also audited, in accordance with our auditing standards generally accepted in the United States of America, the financial statements of the Plan as of and for the year ended December 31, 2023 (not presented herein), and our report thereon dated June 10, 2024 expressed an unmodified opinion on those 2023 financial statements. Our audits of the 2025, 2024, and 2023 financial statements were conducted for the purpose of forming an opinion on these financial statements as a whole. The detail of sub-capitated expense for the years ended September 30, 2025 and 2024, balance sheet by line of business as of December 31, 2025, and statement of comprehensive income by line of business for the year ended December 31, 2025, are presented for purposes of additional analysis and are not a required part of these financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare these financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare these financial statements or to these financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the supplementary information is fairly stated in all material respects, in relation to these financial statements as a whole.

Grant Thornton LLP

Appleton, Wisconsin
July 21, 2026

Molina Healthcare of Arizona, Inc.

BALANCE SHEETS

(Dollars in thousands)

	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 12,714	$ 19,878
Investments	72,132	109,220
Receivables	15,361	7,618
Income tax refundable	914	-
Prepaid expenses and other current assets	1,158	1,622
Total current assets	102,279	138,338
Property and equipment, net	115	138
Restricted cash and investments	1,598	1,566
Deferred income taxes, net	2,162	2,490
Other assets	344	171
Total assets	$ 106,498	$ 142,703
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Medical claims and benefits payable	$ 27,016	$ 19,303
Unpaid claims adjustment expenses	118	115
Amounts due government agencies	31,631	69,379
Accounts payable, accrued liabilities and other	3,787	3,175
Income tax payable	-	28
Due to affiliate	3,024	1,399
Total current liabilities	65,576	93,399
Other long-term liabilities	255	88
Total liabilities	65,831	93,487
Stockholder's equity		
Common stock, $1.00 par value; authorized, issued and outstanding – 1,000 shares	1	1
Additional paid-in capital	39,184	39,184
Accumulated earnings	989	10,555
Accumulated other comprehensive income (loss)	493	(524)
Total stockholder's equity	40,667	49,216
Total liabilities and stockholder's equity	$ 106,498	$ 142,703

The accompanying notes are an integral part of these financial statements.

Molina Healthcare of Arizona, Inc.

STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)

	Year Ended December 31, 2025	2024
Net revenues	$ 240,803	$ 221,731
Operating expenses		
Cost of care	192,309	175,312
Direct service costs	41,291	36,676
Total operating expenses	233,600	211,988
Operating income	7,203	9,743
Other income		
Net investment gain	6,016	7,599
Income before income tax expense	13,219	17,342
Income tax expense	2,785	3,782
Net income	10,434	13,560
Other comprehensive income, net of tax		
Unrealized investment gain	1,337	705
Less: effect of income taxes	(320)	(165)
Other comprehensive income, net of tax	1,017	540
Comprehensive income	$ 11,451	$ 14,100

The accompanying notes are an integral part of these financial statements.

Molina Healthcare of Arizona, Inc.
STATEMENTS OF STOCKHOLDER'S EQUITY
(Dollars in thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Stockholder's Equity
	Shares	Amount				
January 1, 2024	1,000	$ 1	$ 39,184	$ 6,995	$ (1,064)	$ 45,116
Net income	-	-	-	13,560	-	13,560
Dividend to Parent	-	-	-	(10,000)	-	(10,000)
Other comprehensive income	-	-	-	-	540	540
December 31, 2024	1,000	1	39,184	10,555	(524)	49,216
Net income	-	-	-	10,434	-	10,434
Dividend to Parent	-	-	-	(20,000)	-	(20,000)
Other comprehensive income	-	-	-	-	1,017	1,017
December 31, 2025	1,000	$ 1	$ 39,184	$ 989	$ 493	$ 40,667

The accompanying notes are an integral part of these financial statements.

Molina Healthcare of Arizona, Inc.

STATEMENTS OF CASH FLOWS

(Dollars in thousands)

	Year Ended December 31, 2025	2024
Operating activities		
Net income	$ 10,434	$ 13,560
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	23	25
Deferred income taxes	7	15
Amortization of investment premiums and discounts	(488)	(546)
Loss on disposal of investments	(39)	(1)
Cash flows from changes in assets and liabilities:		
Receivables	(7,743)	3,049
Other current assets	469	366
Medical claims and benefits payable	7,713	(5,168)
Unpaid claims adjustment expenses	3	(1)
Amounts due government agencies	(37,748)	(30,208)
Accounts payable, accrued liabilities and other	602	1,545
Due to affiliate	1,625	(441)
Income taxes	(942)	97
Net cash used in operating activities	(26,084)	(17,708)
Investing activities		
Cost of investments acquired	(10)	(4,041)
Proceeds from maturities and sales	38,963	19,018
Other	(8)	(58)
Net cash provided by investing activities	38,945	14,919
Financing activities		
Dividend to Parent	(20,000)	(10,000)
Net cash used in financing activities	(20,000)	(10,000)
Net decrease in cash, cash equivalents, and restricted cash	(7,139)	(12,789)
Cash, cash equivalents, and restricted cash at beginning of year	19,939	32,728
Cash, cash equivalents, and restricted cash at end of year	$ 12,800	$ 19,939

The accompanying notes are an integral part of these financial statements.

NOTE 1 - BASIS OF PRESENTATION

Organization and Operations

Molina Healthcare of Arizona, Inc. (the Plan) is a wholly owned subsidiary of Molina Healthcare, Inc. (the Parent).

The Plan was incorporated in the state of Arizona (the State) on October 20, 2011. On January 7, 2013, the Plan received a certificate of authority from the Arizona Department of Insurance (the Department) to transact health care services business in the State. The Plan obtained certificates of authority to conduct business in Mississippi and New Mexico on January 10, 2024. The Plan began offering Medicare services in both states effective January 1, 2025.

The Plan began providing healthcare services to Medicaid recipients in Arizona on October 1, 2018, under the Arizona Health Care Cost Containment System (AHCCCS) Contract with the AHCCCS Administration. The contract term with all extensions expires September 30, 2027. Each contract year is October 1 through September 30.

As of December 31, 2025, the Plan served approximately 37,000 members eligible for Medicaid and Medicare services. The Plan contracts with independent physician associations, hospitals, and other providers to provide medical services to its members. As a health maintenance organization (HMO), the Plan is at risk for all covered outpatient and inpatient claims incurred by its beneficiaries.

Basis of Presentation

The Plan prepares its financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Principal areas requiring the use of estimates include settlements under risk or savings sharing programs, contractual provisions that may limit revenue recognition, medical claims and benefits payable, reserves for potential absorption of claims unpaid by insolvent providers, reserves for the outcome of litigation, and valuation allowances for deferred income tax assets.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term, highly liquid investments that are both readily convertible into known amounts of cash and have a maturity of three months or less as of the date of purchase. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the accompanying balance sheets that sum to the total of the same such amounts presented in the accompanying statements of cash flows. The restricted cash presented below is included in non-current “Restricted cash and investments” in the accompanying balance sheets.

	December 31,	
	2025	2024
	(In thousands)	
Cash and cash equivalents	$ 12,714	$ 19,878
Restricted cash	86	61
Total cash, cash equivalents and restricted cash presented in the statements of cash flows	$ 12,800	$ 19,939

Premium Revenue

Premium revenue is derived primarily from Medicaid and Medicare. Premium revenue is recognized in the month that members are entitled to receive healthcare services. Premiums collected in advance of a coverage period are recorded as premiums received in advance. Premium revenue is generally received based on per member per month (PMPM) rates established in advance of the periods covered, except as described below.

Risk Share

The AHCCCS Contract provides for risk sharing in the event of favorable or unfavorable operations. The risk share is based on a calculation of earnings or losses as a percentage of annual revenue. For the contract year that ended on September 30, 2024, the Plan retains all earnings up to and including 2% of annual revenue and is at risk for all the losses up to and including 2% of annual revenue. If the percentage is above 2% and up to 6%, 50% of earnings within this corridor are refunded to AHCCCS and 50% of earnings are retained by the Plan, and in the event of losses, the Plan is at risk for 50% of the losses and 50% would be due from AHCCCS. If the percentage exceeds 6%, 100% of earnings above 6% are refunded to AHCCCS and 100% of the losses are due from AHCCCS. For contract years beginning on or after October 1, 2024, the reconciliation is tiered beginning at 2% gains or 1% losses. AHCCCS will recoup different percentages of gains in intervals up to profits of 7%, and 100% of gains over 7%. AHCCCS will repay different percentages of losses in intervals beginning with losses greater than 1% and ending with 100% of losses greater than 4%. The reconciliation includes both prospective and prior period coverage. Under these programs, as of December 31, 2025 and 2024, the Plan had risk share liabilities of $28.7 million and $68.0 million, respectively, which are included within “Amounts due government agencies” in the accompanying balance sheets.

Medical Care Costs

Medical care costs are recognized in the period in which services are provided and include fee-for-service claims, pharmacy benefits, and capitation payments to providers. Under fee-for-service claims arrangements with providers, the Plan retains the financial responsibility for medical care provided and incurs costs based on actual utilization of hospital and physician services. Such medical care costs include amounts paid by the Plan as well as estimated medical claims and benefits payable for costs that were incurred but not paid (IBNP) as of the reporting date. Pharmacy benefits represent payments for members' prescription drug costs, net of rebates from drug manufacturers. The Plan estimates pharmacy rebates based on historical and current utilization of prescription drugs and contractual provisions. Capitation payments represent monthly contractual fees paid to providers, who are responsible for providing medical care to members, which could include medical or ancillary costs like dental, vision and other supplemental health benefits. Such capitation costs are fixed in advance of the periods covered and are not subject to significant accounting estimates.

Medical claims and benefits payable consist mainly of fee-for-service IBNP, unpaid pharmacy claims, capitation costs and other medical costs, including amounts payable to providers pursuant to risk-sharing or other incentive arrangements and amounts payable to providers on behalf of AHCCCS for which the

Plan assumes no financial risk. IBNP includes the costs of claims incurred as of the balance sheet date which have been reported to the Plan, and the Plan's best estimate of the cost of claims incurred but not yet reported to the Plan. The Plan also includes an additional reserve to ensure that its overall IBNP liability is sufficient under moderately adverse conditions. The Plan reflects changes in these estimates in the results of operations in the period in which they are determined.

The estimation of the IBNP liability requires a significant degree of judgment in applying actuarial methods, determining the appropriate assumptions and considering numerous factors. Of those factors, the Plan considers estimated completion factors and the assumed healthcare cost trend to be the most critical assumptions. Other relevant factors also include, but are not limited to, healthcare service utilization trends, claim inventory levels, changes in membership, product mix, seasonality, benefit changes or changes in Medicaid fee schedules, provider contract changes, prior authorizations and the incidence of catastrophic or pandemic cases. Because of the significant degree of judgment involved in estimation of the IBNP liability, there is considerable variability and uncertainty inherent in such estimates. Each reporting period, the recognized IBNP liability represents the Plan's best estimate of the total amount of unpaid claims incurred as of the balance sheet date using a consistent methodology in estimating the IBNP liability. The Plan believes its current estimates are reasonable and adequate; however, the development of its estimate is a continuous process that the Plan monitors and updates as more complete claims payment information and healthcare cost trend data becomes available. Actual medical care costs may be less than the Plan previously estimated (favorable development) or more than the Plan previously estimated (unfavorable development), and any differences could be material. Any adjustments to reflect favorable development would be recognized as a decrease to medical care costs, and any adjustments to reflect unfavorable development would be recognized as an increase to medical care costs, in the period in which the adjustments are determined. See Note 5, "Medical Claims and Benefits Payable," for further information.

Premium Deficiency Reserves on Loss Contracts

The Plan assesses the profitability of its contracts to determine if it is probable that a loss will be incurred in the future by reviewing current results and forecasts. For purposes of this assessment, contracts are grouped in a manner consistent with the Plan's method of acquiring, servicing, and measuring the profitability of such contracts. A premium deficiency reserve is recognized if anticipated future medical care and administrative costs exceed anticipated future premium revenue, investment income and reinsurance recoveries. No premium deficiency reserves were recorded as of December 31, 2025 and 2024.

Investments

Investments are principally held in debt securities, which are grouped into two separate categories for accounting and reporting purposes: available-for-sale securities and held-to-maturity securities. Available-for-sale securities are recorded at fair value and unrealized gains and losses, if any, are recorded in equity as other comprehensive income, net of applicable income taxes. Held-to-maturity securities are recorded at amortized cost, which approximates fair value, and unrealized gains and losses are not generally recognized. Realized gains and losses and unrealized losses arising from credit-related factors with respect to available-for-sale and held-to-maturity securities are included in the determination of net income. The cost of securities sold is determined using the specific-identification method, on an amortized cost basis.

Receivables

The Plan's accounts receivable as of December 31, 2025 and 2024, totaled $15.4 million and $7.6 million, respectively and were primarily related to the AHCCCS Contract. Because the Plan's primary creditor is the state of Arizona, the allowance for credit losses is insignificant. Any amounts determined to be uncollectible are charged to expense when such determination is made.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation. Replacements and major improvements are capitalized, and repairs and maintenance are charged to expense as incurred. Furniture, equipment, and automobiles are depreciated using the straight-line method over estimated useful lives ranging from three to seven years.

Restricted Investments

As of both December 31, 2025 and 2024, the Plan's restricted investments primarily included $1.5 million, in United States Treasury securities that were pledged to the Department or other agencies to comply with deposit requirements.

Leases

Right-of-use (ROU) assets represent the Plan's right to use the underlying assets over the lease term, and lease liabilities represent the Plan's obligation for lease payments arising from the related leases. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when the Plan believes it is reasonably certain that it will exercise such options. If applicable, the Plan accounts for lease and non-lease components within a lease as a single lease component.

The Plan generally uses its incremental borrowing rate to determine the present value of lease payments. Lease expense for operating leases is recognized on a straight-line basis over the lease term, and the related ROU assets and liabilities are reduced to the present value of the remaining lease payments at the end of each period.

The Plan has one long-term operating lease for office space. The Plan's lease agreement does not contain any material residual value guarantees or material restrictive covenants. For further information, including the amounts and location of the ROU assets and lease liabilities recognized in the accompanying balance sheets, see "Leases" under Note 9, "Commitments and Contingencies."

Income Taxes

The Plan and other subsidiaries of the Parent are included in the consolidated federal income tax return filed by the Parent, which constitutes a controlled group. Income taxes are allocated to the Plan in accordance with an intercompany tax sharing agreement. The agreement allocates federal income taxes in an amount generally equivalent to the amount that would be computed by the Plan as if it filed a separate federal tax return. The Plan is subject to premium tax in lieu of state income tax.

In accordance with the intercompany tax sharing agreement, benefits to the Plan that arise from net operating losses will be refunded to the extent utilized on the consolidated tax return with any unused balance carried forward to offset taxable income in future periods.

Beginning with the 2024 tax year, the controlled group was deemed an applicable corporation subject to the Corporate Alternative Minimum Tax (CAMT). In accordance with the amended and restated tax sharing agreement, the Plan is excluded from charges for any portion of the group's CAMT and is not allocated any portion of the group's CAMT credit carryover.

The Plan recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of its assets and liabilities, along with net operating loss and tax credit carryovers. For further discussion and disclosure, see Note 8, "Income Taxes."

Concentrations of Credit Risk

Financial instruments that potentially subject the Plan to concentrations of credit risk consist primarily of cash, cash equivalents, investments, receivables, and restricted investments. The Plan has amounts deposited in financial institutions in which the balances exceed the Financial Deposit Insurance Corporation insured limit. The Plan has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk. The Plan's investments are managed by professional portfolio managers operating under documented investment guidelines. No investment that is in a loss position can be sold by the Plan's managers without the Plan's prior approval. Concentrations of credit risk with respect to receivables is limited because the Plan's primary creditor is the State.

Risks and Uncertainties

The Plan's profitability depends in large part on its ability to accurately predict and effectively manage medical care costs. The Plan continually reviews its medical costs in light of its underlying claims experience and revised actuarial data. However, several factors could adversely affect medical care costs. These factors, which include changes in healthcare practices, inflation, new technologies, major epidemics, natural disasters, and malpractice litigation, are beyond its control and may have an adverse effect on its ability to accurately predict and effectively control medical care costs. Costs in excess of those anticipated could have a material adverse effect on the Plan's financial condition, results of operations, or cash flows.

The Plan's sole Medicaid customer is the state of Arizona. The loss of the Plan's contract with the state of Arizona could have a material adverse effect on the Plan's financial position, results of operations, or cash flows.

The Plan's ability to arrange for the provision of medical services to its members is dependent upon its ability to develop and maintain adequate provider networks. The inability to develop or maintain such networks would, in certain circumstances, have a material adverse effect on the Plan's financial position, results of operations, or cash flows.

Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09, *Improvements to Income Tax Disclosures*, which will require incremental income tax disclosures on an annual basis. The amendments require disclosure of qualitative information about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. The amendments also require disclosure of income taxes paid to be disaggregated by jurisdiction, and disclosure of income tax expense disaggregated by federal, state, and foreign income taxes. ASU 2023-09 is effective for annual reporting beginning with the fiscal year ending December 31, 2026. The Plan is currently evaluating the incremental disclosures that will be required in the Plan's financial statements.

Evaluation of Subsequent Events

The Plan has evaluated subsequent events through July 21, 2026, the date these financial statements were available to be issued. The Plan is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Plan considers the carrying amounts of current assets and current liabilities to approximate their fair values because of the relatively short period of time between the origination of these instruments and their expected realization or payment. For the Plan's financial instruments measured at fair value on a recurring

basis, the Plan prioritizes the inputs used in measuring fair value according to a three-tier fair value hierarchy as follows:

Level 1 - Observable Inputs. Level 1 financial instruments are actively traded and therefore the fair value for these securities is based on quoted market prices for identical securities in active markets.

Level 2 - Directly or Indirectly Observable Inputs. Fair value for these investments is determined using a market approach based on quoted prices for similar securities in active markets or quoted prices for identical securities in inactive markets.

Level 3 - Unobservable Inputs. Level 3 financial instruments are valued using unobservable inputs that represent management's best estimate of what market participants would use in pricing the financial instrument at the measurement date.

The Plan's financial instruments measured at fair value on a recurring basis were as follows (in thousands):

	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Corporate debt securities	$ 49,322	$ -	$ 49,322	$ -
Mortgage-backed securities	12,557	-	12,557	-
Asset-backed securities	7,346	-	7,346	-
Other	2,907	-	2,907	-
	$ 72,132	$ -	$ 72,132	$ -

	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Corporate debt securities	$ 78,807	$ -	$ 78,807	$ -
Mortgage-backed securities	15,124	-	15,124	-
Asset-backed securities	12,058	-	12,058	-
Other	3,231	-	3,231	-
	$ 109,220	$ -	$ 109,220	$ -

NOTE 4 - INVESTMENTS

The following tables summarize the Plan's investments as of December 31, 2025 and 2024 (in thousands).

	December 31, 2025			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	$ 48,628	$ 737	$ 43	$ 49,322
Mortgage-backed securities	12,563	185	191	12,557
Asset-backed securities	7,337	46	37	7,346
Other	2,929	7	29	2,907
	$ 71,457	$ 975	$ 300	$ 72,132

	December 31, 2024			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	$ 78,924	$ 331	$ 448	$ 78,807
Mortgage-backed securities	15,519	73	468	15,124
Asset-backed securities	12,095	62	99	12,058
Other	3,344	-	113	3,231
	$ 109,882	$ 466	$ 1,128	$ 109,220

The contractual maturities of the Plan's investments as of December 31, 2025 are summarized below (in thousands):

	Amortized Cost	Fair Value
Due in one year or less	$ 3,219	$ 3,216
Due after one year through five years	50,340	51,055
Due after five years through ten years	2,666	2,654
Due after ten years	15,232	15,207
Total	$ 71,457	$ 72,132

Gross realized gains and losses from sales of available-for-sale securities are calculated under the specific identification method and are included in investment income. Gross realized investment gains and losses for the years ended December 31, 2025 and 2024 were insignificant.

The Plan has determined that unrealized losses as of December 31, 2025 and 2024 primarily resulted from fluctuating interest rates, rather than a deterioration of the credit worthiness of the issuers. Therefore, the Plan determined that an allowance for credit losses was not necessary. So long as the Plan maintains the intent and ability to hold these securities to maturity, it is unlikely to experience losses. In the event that the Plan disposes of these securities before maturity, realized losses, if any, are expected to be immaterial.

The following table summarizes those available-for-sale investments that have been in a continuous loss position for less than 12 months, and those that have been in a continuous loss position for 12 months or more as of December 31, 2025 (dollars in thousands):

	In a Continuous Loss Position for Less than 12 Months as of December 31, 2025			In a Continuous Loss Position for More than 12 Months as of December 31, 2025		
	Fair Value	Unrealized Losses	Total Number of Positions	Fair Value	Unrealized Losses	Total Number of Positions
Corporate debt securities	$ -	$ -	-	$ 3,327	$ 43	21
Mortgage-backed securities	304	1	2	4,636	190	38
Asset-backed securities	-	-	-	1,385	37	10
Other	743	5	1	1,048	24	3
Total	$ 1,047	$ 6	3	$ 10,396	$ 294	72

The following table summarizes those available-for-sale investments that have been in a continuous loss position for less than 12 months, and those that have been in a continuous loss position for 12 months or more as of December 31, 2024 (dollars in thousands):

	In a Continuous Loss Position for Less than 12 Months as of December 31, 2024			In a Continuous Loss Position for More than 12 Months as of December 31, 2024		
	Fair Value	Unrealized Losses	Total Number of Positions	Fair Value	Unrealized Losses	Total Number of Positions
Corporate debt securities	$ 26,376	$ 157	56	$ 16,907	$ 291	73
Mortgage-backed securities	4,157	94	10	6,765	374	47
Asset-backed securities	738	3	3	2,878	96	20
Other	2,020	54	2	1,211	59	3
Total	$ 33,291	$ 308	71	$ 27,761	$ 820	143

NOTE 5 - MEDICAL CLAIMS AND BENEFITS PAYABLE

Medical claims and benefits payable includes amounts payable to certain providers for which the Plan acts as an intermediary on behalf of the State without assuming financial risk. Such receipts and payments do not impact the statement of comprehensive income. The Plan refers to such programs as pass through arrangements. These non-risk provider payables amounted to $6.0 million and zero as of December 31, 2025 and 2024, respectively.

The following table presents the components of the change in the Plan's medical claims and benefits payable for the years ended December 31 (in thousands):

	2025	2024
Balances at beginning of period	$ 19,303	$ 24,471
Components of medical care costs related to:		
Current year	196,598	182,323
Prior years	(687)	(4,192)
Total medical care costs	195,911	178,131
Change in non-risk provider payables	5,950	(912)
Claims paid and transfers to other medical liabilities:		
Current year	175,393	162,608
Prior years	18,755	19,779
Total paid	194,148	182,387
Balances at end of period	$ 27,016	$ 19,303

Estimated reinsurance recoveries of $3.6 million and $2.8 million are included as a reduction of cost of care in the Plan's statements of comprehensive income for the years ended December 31, 2025 and 2024, respectively.

The Plan recorded claim adjustment expenses for the estimate of costs associated with processing the incurred but unpaid claims. As of December 31, 2025 and 2024, accrued claim adjustment expenses were $0.1 million for both periods and were included in "Unpaid claims adjustment expenses" in the accompanying balance sheets.

The Plan recognized favorable prior period claims development in the amount of $0.7 million for the year ended December 31, 2025. This amount represents the Plan's estimate as of December 31, 2025, of the

extent to which the initial estimate of unpaid claims at December 31, 2024 was more than the amount that will ultimately be paid out in satisfaction of that liability.

The Plan recognized favorable prior period claims development in the amount of $4.2 million for the year ended December 31, 2024. This amount represents the Plan's estimate as of December 31, 2024, of the extent to which the initial estimate of unpaid claims at December 31, 2023 was more than the amount that will ultimately be paid out in satisfaction of that liability.

The following tables provide information about incurred and paid claims development as of December 31, 2025, as well as the total of incurred but not paid claims liabilities.

Incurred Claims and Allocated Claims Adjustment Expenses				Total
Benefit period	2023[1]	2024[1]	2025	IBNP
		(In thousands)		
2023	$ 193,744	$ 190,279	$ 189,637	$ (7)
2024		182,323	182,578	(132)
2025			196,598	16,964
			$ 568,813	$ 16,825

Cumulative Paid Claims and Allocated Claims Adjustment Expenses			
Benefit period	2023[1]	2024[1]	2025
	(In thousands)		
2023	170,040	190,659	$ 189,644
2024		162,608	182,710
2025			175,393
			$ 547,747

The following table presents a reconciliation of claims development to the aggregate carrying amount of the liability for medical claims and benefits payable (in thousands):

	2025
Incurred claims and allocated claims adjustment expenses	$ 568,813
Less: cumulative paid claims and allocated claims adjustment expenses	(547,747)
Non-risk provider payables	5,950
Medical claims and benefits payable	$ 27,016

(1) Data presented for these calendar years is required supplementary information, which is unaudited.

NOTE 6 - TRANSACTIONS WITH PARENT AND AFFILIATES

Administrative Services and Net Worth Requirements

The Plan has entered into an administrative services agreement with the Parent under which the Parent provides various management, financial, legal, information systems and human resources services to the Plan. Fees for such services are based on the estimated fair market value of services rendered. Payment is subordinated to the Plan's ability to comply with minimum capital and other restrictive financial requirements of the State. Charges for these services amounted to $18.1 million and $16.9 million for the years ended December 31, 2025 and 2024, respectively, and are included in direct service costs.

The Plan paid dividends to the Parent in the amount of $20.0 million and $10.0 million in 2025 and 2024, respectively. There were no contributions in either year. The Parent will provide future funding to the Plan, as necessary, to ensure the Plan's compliance with minimum net worth requirements.

NOTE 7 - STATUTORY REGULATIONS

The Plan is licensed in the state of Arizona and is subject to certain minimum statutory capital and surplus requirements as determined by the Department. Additionally, the terms of the Plan's AHCCCS Contract require the Plan to maintain a certain net worth at all times.

The Plan is subject to statutory Risk Based Capital (RBC) requirements. RBC, as defined by the National Association of Insurance Commissioners (NAIC), is a method of measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The managed care organization's RBC is calculated by applying factors to various assets, premium and reserve items. As of December 31, 2025 and 2024, the Plan had RBC in excess of the Company Action Level, defined by the NAIC as 200% of Authorized Control Level.

NOTE 8 - INCOME TAXES

Income tax expense consisted of the following components for the years ended December 31 (in thousands):

	2025	2024
Current federal	$ 2,778	$ 3,767
Deferred federal	7	15
Provision for income taxes	$ 2,785	$ 3,782

The difference between the provision for income tax expense and the amount computed by applying the statutory federal income tax rate to income before taxes for the years ended December 31, 2025 and 2024 is due to nondeductible expenses and other immaterial book-to-tax differences.

The components of the net deferred tax asset were as follows (in thousands):

	2025	2024
Fixed assets and intangibles	$ 1,589	$ 1,746
Accrued expenses and reserve liabilities	551	424
Medical claims payable	166	158
Unrealized loss	-	166
Other	91	42
Total deferred tax assets	2,397	2,536
Unrealized gain	(154)	-
Other	(81)	(46)
Total deferred tax liabilities	(235)	(46)
Net deferred tax asset	$ 2,162	$ 2,490

The Plan is subject to taxation in the United States. With few exceptions, the Plan is no longer subject to income tax examination for tax years before 2022.

The Plan recognizes interest and/or penalties related to unrecognized tax benefits, if any, in income tax expense. There were no unrecognized tax benefits as of December 31, 2025 and 2024.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Leases

The Plan is a party to one operating lease for the health plan office, which commenced in May 2021. In November 2025, the Plan amended the lease term. As of December 31, 2025, the Plan's operating lease has a remaining lease term of approximately 3 years, which includes an option to extend the lease for up to 4 years. As of December 31, 2025 and 2024, the weighted-average discount rate used to compute the present value of lease payments was 4.8% and 3.0%, respectively. Operating lease expense was $0.1 million for both the years ended December 31, 2025 and 2024.

The Plan leases office space through a lease that expires in 2029. The lease contains annual escalation clauses and renewal provisions. Future minimum lease payments by year, and in the aggregate, consist of the following amounts (in thousands):

Year Ending December 31:	
2026	$ 109
2027	111
2028	126
2029	32
Subtotal – undiscounted lease payments	378
Less imputed interest	(28)
Total	$ 350

Supplemental cash flow information related to leases follows (in thousands):

	Year Ended December 31,	
	2025	2024
Cash used in operating activities:		
Operating leases	$ 108	$ 106

Supplemental information related to leases, including location of amounts reported in the balance sheet, follows (in thousands):

	December 31, 2025	December 31, 2024
ROU assets		
Other assets	$ 324	$ 146
Lease liabilities		
Accounts payable and accrued liabilities (current)	$ 95	$ 104
Other long-term liabilities (non-current)	255	88
Total operating lease liabilities	$ 350	$ 192

Legal Proceedings

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Penalties associated with violations of these laws and regulations include significant fines and penalties, exclusion from participating in publicly funded programs, and the repayment of previously billed and collected revenues.

The Plan is involved in legal actions in the ordinary course of business including, but not limited to, various employment claims, vendor disputes and provider claims. Some of these legal actions seek monetary damages, including claims for punitive damages, which may not be covered by insurance. The Plan reviews legal matters and updates its estimates of reasonably possible losses and related disclosures, as necessary. The Plan has accrued liabilities for legal matters for which it deems the loss to be both probable and reasonably estimable. These liability estimates could change as a result of further developments of the matters. The outcome of legal actions is inherently uncertain. An adverse determination in one or more of these pending matters could have an adverse effect on the Plan's financial position, results of operations, or cash flows.

State's Budget

Nearly all the Plan's premium revenues come from the joint federal and state funding of the Medicaid and Medicare programs. The State regularly faces significant budgetary pressures.

Professional Liability Insurance

The Parent carries (i) a claims-made managed care errors and omissions liability insurance and (ii) a healthcare professional liability insurance for their health plan operations.

Medical Claims Reinsurance

Reinsurance recoveries under the AHCCCS Contract are recognized when healthcare costs exceed stated amounts provided under the contract, including estimates of such costs as of the end of each accounting

period. Under regular reinsurance, the Plan is reimbursed by AHCCCS for 75% of the cost when qualified healthcare costs for those members exceed $75,000 between October 1, 2022 and September 30, 2023, and $150,000 after October 1, 2023, depending on the case type of the member. Under catastrophic reinsurance, AHCCCS will provide reimbursement for 85% of the cost for specific conditions, specific transplants, or specific drugs within 30 days of notification. AHCCCS also provides stop loss which will cover 100% of the cost of care, other than transplants, when an individual members' cumulative cost of care exceeds $1 million within a contract year.

Provider Claims

Many of the Plan's medical contracts are complex in nature and may be subject to differing interpretations regarding amounts due for the provision of various services. Such differing interpretations may lead medical providers to pursue the Plan for additional compensation. The claims made by providers in such circumstances often involve issues of contract compliance, interpretation, payment methodology, and intent. These claims often extend to services provided by the providers over a number of years. Various providers have contacted the Plan seeking additional compensation for claims that the Plan believes to have been settled. These matters, when finally concluded and determined, will not, in the Plan's opinion, have a material adverse effect on the Plan's financial position, results of operations, or cash flows.

NOTE 10 - EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The employees of the Plan are eligible to participate in a defined contribution 401(k) plan sponsored by the Parent subject to the participation eligibility set forth in the plan. Eligible employees are allowed to contribute up to the maximum allowed by law. The Plan matches up to the first 4% of compensation contributed by the employees subject to a one-year cliff vesting requirement. The Plan has no legal obligation to provide benefits under the plan. The Plan's expense recognized in connection with the 401(k) plan was $0.3 million in both 2025 and 2024.

Stock Plans

Under an equity incentive plan adopted by the Parent, the Plan's employees may be awarded Parent restricted stock or other equity incentives. Restricted stock awards generally vest in equal annual installments over periods up to four years from the date of grant.

The Parent has an employee stock purchase plan under which the eligible employees of the Plan may purchase common shares at 85% of the lower of the fair market value of Parent's common stock on either the first or last trading day of each six-month offering period. Each participant is limited to a maximum purchase of $25,000 (as measured by the fair value of the stock acquired) per year through payroll deductions.

Supplementary Information

Molina Healthcare of Arizona, Inc.

Detail of Sub-Capitated Expense

(Dollars in thousands)

Year Ended September 30, 2025

Behavioral Health

Sub-Capitated Expenses

Account	Account Description	Age <1	Age 1-20	Age 21+	Duals	SSI w/o Med	Prop 204 Childless Adults	Expansion Adults	TXIX/XXI SMI	TXIX/XXI Crisis (24 Hours)	Title XIX/XXI Total	State Only Transplant	Grand Total
60199	Total Treatment Services	$ -	$ 2	$ 1	$ -	$ -	$ 2	$ -	$ -	$ -	$ 5	$ -	$ 5
60299	Total Rehabilitation Services	-	-	-	-	-	-	-	-	-	-	-	-
60399	Total Medical Services	-	-	-	-	-	-	-	-	-	-	-	-
60499	Total Support Services	-	-	-	-	-	-	-	-	-	-	-	-
60599	Total Crisis Intervention Services	-	-	-	-	-	-	-	-	-	-	-	-
60699	Total Inpatient Services	-	-	-	-	-	-	-	-	-	-	-	-
60799	Total Residential Services	-	-	-	-	-	-	-	-	-	-	-	-
60899	Total Behavioral Health Day Program	-	-	-	-	-	-	-	-	-	-	-	-
60999	Total HIV Services	-	-	-	-	-	-	-	-	-	-	-	-
61099	Total Pharmacy Expense	-	-	-	-	-	-	-	-	-	-	-	-
61100-01	PPC BH Title XIX	-	-	-	-	-	-	-	-	-	-	-	-
61105-01	Other Service Expenses Not Rpt'd Above	-	-	-	-	-	-	-	-	-	-	-	-
61205-01	BH FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-
	Total Sub-Capitated Behavioral Health Expenses:	$ -	$ 2	$ 1	$ -	$ -	$ 2	$ -	$ -	$ -	$ 5	$ -	$ 5

Block Expense

Account	Account Description	Age <1	Age 1-20	Age 21+	Duals	SSI w/o Med	Prop 204 Childless Adults	Expansion Adults	TXIX/XXI SMI	TXIX/XXI Crisis (24 Hours)	Title XIX/XXI Total	State Only Transplant	Grand Total
60199	Total Treatment Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60299	Total Rehabilitation Services	-	-	-	-	-	-	-	-	-	-	-	-
60399	Total Medical Services	-	-	-	-	-	-	-	-	-	-	-	-
60499	Total Support Services	-	-	-	-	-	-	-	-	-	-	-	-
60599	Total Crisis Intervention Services	-	-	-	-	-	-	-	-	-	-	-	-
60699	Total Inpatient Services	-	-	-	-	-	-	-	-	-	-	-	-
60799	Total Residential Services	-	-	-	-	-	-	-	-	-	-	-	-
60899	Total Behavioral Health Day Program	-	-	-	-	-	-	-	-	-	-	-	-
60999	Total HIV Services	-	-	-	-	-	-	-	-	-	-	-	-
61099	Total Pharmacy Expense	-	-	-	-	-	-	-	-	-	-	-	-
61100-01	PPC BH Title XIX	-	-	-	-	-	-	-	-	-	-	-	-
61105-01	Other Service Expenses Not Rpt'd Above	-	-	-	-	-	-	-	-	-	-	-	-
61205-01	BH FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-
	Total Block Behavioral Health Expenses:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Molina Healthcare of Arizona, Inc.

Detail of Sub-Capitated Expense

(Dollars in thousands)

Year Ended September 30, 2025

		Physical Health												
		Sub-Capitated Expenses												
	Hospitalization Expenses:													
50105-01	Hospital Inpatient	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total Hospitalization Expense:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Medical Compensation Expenses:													
50205-01	Primary Care Physician Services	4	32	40	1	14	69	10	-	-	170	-	170	
50215-01	Referral Physician Services	-	-	-	-	-	-	-	-	-	-	-	-	
50220-01	PH FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-	
50225-01	Other Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	
	Total Medical Compensation Expenses:	$ 4	$ 32	$ 40	$ 1	$ 14	$ 69	$ 10	$ -	$ -	$ 170	$ -	$ 170	
	Other Medical Expenses:													
50305-01	Emergency Facility Services	-	-	-	-	-	-	-	-	-	-	-	-	
50310-01	Pharmacy	-	-	-	-	-	-	-	-	-	-	-	-	
50315-01	Laboratory, Radiology & Medical Imaging	-	-	-	-	-	1	-	-	-	1	-	1	
50320-01	Outpatient Facility	-	-	-	-	-	-	-	-	-	-	-	-	
50325-01	Durable Med Equipment	-	-	-	-	-	-	-	-	-	-	-	-	
50330-01	Dental	205	3,128	157	41	77	380	57	-	-	4,045	-	4,045	
50335-01	Transportation	-	-	-	-	-	-	-	-	-	-	-	-	
50340-00	Nursing Facility, Home Health Care	-	-	-	-	-	-	-	-	-	-	-	-	
50345-01	Therapies	-	-	-	-	-	-	-	-	-	-	-	-	
50350-01	Alternative Payment Model Performance Based Payments to Providers	-	-	-	-	-	-	-	-	-	-	-	-	
50350-10	Differential Adjusted Payments to Providers	-	-	-	-	-	-	-	-	-	-	-	-	
50370-01	Other Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	
	Total Other Medical Expenses	$ 205	$ 3,128	$ 157	$ 41	$ 77	$ 381	$ 57	$ -	$ -	$ 4,046	$ -	$ 4,046	
	Total Sub-Capitated Physical Health Expenses	$ 209	$ 3,160	$ 197	$ 42	$ 91	$ 450	$ 67	$ -	$ -	$ 4,216	$ -	$ 4,216	

Molina Healthcare of Arizona, Inc.

Detail of Sub-Capitated Expense

(Dollars in thousands)

Year Ended September 30, 2025

		Physical Health												
		Block Expense												
	Hospitalization Expenses:													
50105-01	Hospital Inpatient	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total Hospitalization Expense:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Medical Compensation Expenses:													
50205-01	Primary Care Physician Services	-	-	-	-	-	-	-	-	-	-	-	-	-
50215-01	Referral Physician Services	-	-	-	-	-	-	-	-	-	-	-	-	-
50220-01	PH FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-	-
50225-01	Other Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Medical Compensation Expenses:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Other Medical Expenses:													
50305-01	Emergency Facility Services	-	-	-	-	-	-	-	-	-	-	-	-	-
50310-01	Pharmacy	-	-	-	-	-	-	-	-	-	-	-	-	-
50315-01	Laboratory, Radiology & Medical Imaging	-	-	-	-	-	-	-	-	-	-	-	-	-
50320-01	Outpatient Facility	-	-	-	-	-	-	-	-	-	-	-	-	-
50325-01	Durable Med Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
50330-01	Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
50335-01	Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
50340-00	Nursing Facility, Home Health Care	-	-	-	-	-	-	-	-	-	-	-	-	-
50345-01	Therapies	-	-	-	-	-	-	-	-	-	-	-	-	-
50350-01	Alternative Payment Model Performance Based Payments to Providers	-	-	-	-	-	-	-	-	-	-	-	-	-
50350-10	Differential Adjusted Payments to Providers	-	-	-	-	-	-	-	-	-	-	-	-	-
50370-01	Other Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Other Medical Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total Block Physical Health Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Molina Healthcare of Arizona, Inc.

Detail of Sub-Capitated Expense

(Dollars in thousands)

Year Ended September 30, 2025

Sub-Capitated and Block Detail Expense Totals

Account	Account Description	Age <1	Age 1-20	Age 21+	Duals	SSI w/o Med	Prop 204 Childless Adults	Expansion Adults	TXIX/XXI SMI	TXIX/XXI Crisis (24 Hours)	Title XIX/XXI Total	State Only Transplant	Grand Total
	Total Block and Subcapitated Medical Expenses	$ 209	$ 3,162	$ 198	$ 42	$ 91	$ 452	$ 67	$ -	$ -	$ 4,221	$ -	$ 4,221
81605-01	Sub Capitation Block Administrative	17	202	10	3	5	26	4	-	-	267	-	267
	Total Block, Subcapitated and Administration Expenses	$ 226	$ 3,364	$ 208	$ 45	$ 96	$ 478	$ 71	$ -	$ -	$ 4,488	$ -	$ 4,488

Molina Healthcare of Arizona, Inc.

Detail of Sub-Capitated Expense

(Dollars in thousands)

Year Ended September 30, 2024

Behavioral Health

Account	Account Description	Age <1	Age 1-20	Age 21+	Duals	SSI w/o Med	Prop 204 Childless Adults	Expansion Adults	TXIX/XXI SMI	TXIX/XXI Crisis (24 Hours)	Title XIX/XXI Total	State Only Transplant	Grand Total
Sub-Capitated Expenses													
60199	Total Treatment Services	$ -	$ 3	$ 47	$ 4	$ 13	$ 140	$ 12	$ -	$ -	$ 219	$ -	$ 219
60299	Total Rehabilitation Services	-	2	29	13	22	130	13	-	-	209	-	209
60399	Total Medical Services	-	-	-	-	-	-	-	-	-	-	-	-
60499	Total Support Services	-	7	109	43	98	493	54	-	-	804	-	804
60599	Total Crisis Intervention Services	-	-	-	-	-	-	-	-	-	-	-	-
60699	Total Inpatient Services	-	-	-	-	-	-	-	-	-	-	-	-
60799	Total Residential Services	-	-	-	-	-	-	-	-	-	-	-	-
60899	Total Behavioral Health Day Program	-	-	-	-	-	-	-	-	-	-	-	-
60999	Total HIV Services	-	-	-	-	-	-	-	-	-	-	-	-
61099	Total Pharmacy Expense	-	-	-	-	-	-	-	-	-	-	-	-
61100-01	PPC BH Title XIX	-	-	-	-	-	-	-	-	-	-	-	-
61105-01	Other Service Expenses Not Rpt'd Above	-	-	-	-	-	-	-	-	-	-	-	-
61205-01	BH FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-
	Total Sub-Capitated Behavioral Health Expenses:	$ -	$ 12	$ 185	$ 60	$ 133	$ 763	$ 79	$ -	$ -	$ 1,232	$ -	$ 1,232
Block Expenses													
60199	Total Treatment Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60299	Total Rehabilitation Services	-	-	-	-	-	-	-	-	-	-	-	-
60399	Total Medical Services	-	-	-	-	-	-	-	-	-	-	-	-
60499	Total Support Services	-	-	-	-	-	-	-	-	-	-	-	-
60599	Total Crisis Intervention Services	-	-	-	-	-	-	-	-	-	-	-	-
60699	Total Inpatient Services	-	-	-	-	-	-	-	-	-	-	-	-
60799	Total Residential Services	-	-	-	-	-	-	-	-	-	-	-	-
60899	Total Behavioral Health Day Program	-	-	-	-	-	-	-	-	-	-	-	-
60999	Total HIV Services	-	-	-	-	-	-	-	-	-	-	-	-
61099	Total Pharmacy Expense	-	-	-	-	-	-	-	-	-	-	-	-
61100-01	PPC BH Title XIX	-	-	-	-	-	-	-	-	-	-	-	-
61105-01	Other Service Expenses Not Rpt'd Above	-	-	-	-	-	-	-	-	-	-	-	-
61205-01	BH FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-
	Total Block Behavioral Health Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Molina Healthcare of Arizona, Inc.

Detail of Sub-Capitated Expense

(Dollars in thousands)

Year Ended September 30, 2024

		Physical Health												
		Sub-Capitated Expenses												
	Hospitalization Expenses:													
50105-01	Hospital Inpatient	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total Hospitalization Expense:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Medical Compensation Expenses:													
50205-01	Primary Care Physician Services	3	36	89	28	81	442	40	-	-	719	-	719	
50215-01	Referral Physician Services	-	-	-	-	-	-	-	-	-	-	-	-	
50220-01	PH FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-	
50225-01	Other Professional Services	-	4	32	9	26	139	18	-	-	228	-	228	
	Total Medical Compensation Expenses:	$ 3	$ 40	$ 121	$ 37	$ 107	$ 581	$ 58	$ -	$ -	$ 947	$ -	$ 947	
	Other Medical Expenses:													
50305-01	Emergency Facility Services	-	-	-	-	-	-	-	-	-	-	-	-	
50310-01	Pharmacy	-	-	-	-	-	-	-	-	-	-	-	-	
50315-01	Laboratory, Radiology & Medical Imaging	-	-	1	-	-	1	-	-	-	2	-	2	
50320-01	Outpatient Facility	-	-	-	-	-	-	-	-	-	-	-	-	
50325-01	Durable Med Equipment	-	-	-	-	-	-	-	-	-	-	-	-	
50330-01	Dental	186	2,999	155	102	59	451	62	-	-	4,014	-	4,014	
50335-01	Transportation	-	-	-	-	-	-	-	-	-	-	-	-	
50340-00	Nursing Facility, Home Health Care	-	-	-	-	-	-	-	-	-	-	-	-	
50345-01	Therapies	-	-	-	-	-	-	-	-	-	-	-	-	
50350-01	Alternative Payment Model Performance Based Payments to Providers	-	-	-	-	-	-	-	-	-	-	-	-	
50350-10	Differential Adjusted Payments to Providers	1	37	2	3	1	5	1	-	-	50	-	50	
50370-01	Other Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-	
	Total Other Medical Expenses	$ 187	$ 3,036	$ 158	$ 105	$ 60	$ 457	$ 63	$ -	$ -	$ 4,066	$ -	$ 4,066	
	Total Sub-Capitated Physical Health Expenses	$ 190	$ 3,076	$ 278	$ 142	$ 167	$ 1,038	$ 121	$ -	$ -	$ 5,012	$ -	$ 5,012	

Molina Healthcare of Arizona, Inc.

Detail of Sub-Capitated Expense

(Dollars in thousands)

Year Ended September 30, 2024

Physical Health

Block Expenses

Account	Account Description	Age <1	Age 1-20	Age 21+	Duals	SSI w/o Med	Prop 204 Childless Adults	Expansion Adults	TXIX/XXI SMI	TXIX/XXI Crisis (24 Hours)	Title XIX/XXI Total	State Only Transplant	Grand Total
	Hospitalization Expenses:												
50105-01	Hospital Inpatient	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total Hospitalization Expense:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Medical Compensation Expenses:												
50205-01	Primary Care Physician Services	-	-	-	-	-	-	-	-	-	-	-	-
50215-01	Referral Physician Services	-	-	-	-	-	-	-	-	-	-	-	-
50220-01	PH FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-
50225-01	Other Professional Services	-	-	-	-	-	-	-	-	-	-	-	-
	Total Medical Compensation Expenses:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Other Medical Expenses:												
50305-01	Emergency Facility Services	-	-	-	-	-	-	-	-	-	-	-	-
50310-01	Pharmacy	-	-	-	-	-	-	-	-	-	-	-	-
50315-01	Laboratory, Radiology & Medical Imaging	-	-	-	-	-	-	-	-	-	-	-	-
50320-01	Outpatient Facility	-	-	-	-	-	-	-	-	-	-	-	-
50325-01	Durable Med Equipment	-	-	-	-	-	-	-	-	-	-	-	-
50330-01	Dental	-	-	-	-	-	-	-	-	-	-	-	-
50335-01	Transportation	-	-	-	-	-	-	-	-	-	-	-	-
50340-00	Nursing Facility, Home Health Care	-	-	-	-	-	-	-	-	-	-	-	-
50345-01	Therapies	-	-	-	-	-	-	-	-	-	-	-	-
50350-01	Alternative Payment Model Performance Based Payments to Providers	-	-	-	-	-	-	-	-	-	-	-	-
50350-10	Differential Adjusted Payments to Providers	-	-	-	-	-	-	-	-	-	-	-	-
50370-01	Other Medical Expenses	-	-	-	-	-	-	-	-	-	-	-	-
	Total Other Medical Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total Block Physical Health Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Molina Healthcare of Arizona, Inc.

Detail of Sub-Capitated Expense

(Dollars in thousands)

Year Ended September 30, 2024

Sub-Capitated and Block Detail Expense Totals

Account	Account Description	Age <1	Age 1-20	Age 21+	Duals	SSI w/o Med	Prop 204 Childless Adults	Expansion Adults	TXIX/XXI SMI	TXIX/XXI Crisis (24 Hours)	Title XIX/XXI Total	State Only Transplant	Grand Total
	Total Block and Subcapitated Medical Expenses	$ 190	$ 3,089	$ 464	$ 202	$ 299	$ 1,801	$ 199	$ -	$ -	$ 6,244	$ -	$ 6,244
81605-01	Sub Capitation Block Administrative	25	272	30	6	14	87	10	-	-	444	-	444
	Total Block, Subcapitated and Administration Expenses	$ 215	$ 3,361	$ 494	$ 208	$ 313	$ 1,888	$ 209	$ -	$ -	$ 6,688	$ -	$ 6,688

Molina Healthcare of Arizona, Inc.

Balance Sheet by Line of Business

(Dollars in thousands)

December 31, 2025

	Medicaid	Medicare	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 11,248	$ 1,466	$ 12,714
Investments	72,132	–	72,132
Receivables	13,686	1,675	15,361
Income tax refundable	824	90	914
Due to/(from) affiliate	2,432	(2,432)	–
Prepaid expenses and other current assets	1,112	46	1,158
Total current assets	101,434	845	102,279
Property and equipment, net	115	–	115
Restricted cash and investments	636	962	1,598
Deferred income taxes, net	2,162	–	2,162
Other assets	344	–	344
Total assets	$ 104,691	$ 1,807	$ 106,498
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current liabilities			
Medical claims and benefits payable	$ 25,472	$ 1,544	$ 27,016
Unpaid claims adjustment expenses	110	8	118
Amounts due government agencies	30,297	1,334	31,631
Accounts payable, accrued liabilities and other	3,838	(51)	3,787
Due to affiliate	–	3,024	3,024
Total current liabilities	59,717	5,859	65,576
Other long-term liabilities	255	–	255
Total liabilities	59,972	5,859	65,831
Stockholder's equity			
Common stock, $1.00 par value; authorized, issued and outstanding – 1,000 shares	1	–	1
Additional paid-in capital	38,282	902	39,184
Accumulated earnings (deficit)	5,943	(4,954)	989
Accumulated other comprehensive loss	493	–	493
Total stockholder's equity	44,719	(4,052)	40,667
Total liabilities and stockholder's equity	$ 104,691	$ 1,807	$ 106,498

Molina Healthcare of Arizona, Inc.

Statement of Comprehensive Income by Line of Business

(Dollars in thousands)

Year Ended December 31, 2025

	Medicaid	Medicare	Total
Net revenues	$ 227,083	$ 13,720	$ 240,803
Operating expenses			
Cost of care	182,110	10,199	192,309
Direct service costs	37,398	3,893	41,291
Total operating expenses	219,508	14,092	233,600
Operating income (loss)	7,575	(372)	7,203
Other income			
Net investment gain	5,858	158	6,016
Income (loss) before income tax expense	13,433	(214)	13,219
Income tax expense	2,829	(44)	2,785
Net income (loss)	10,604	(170)	10,434
Other comprehensive income			
Unrealized investment gains	1,337	–	1,337
Less: effect of income taxes	(320)	–	(320)
Other comprehensive income, net of tax	1,017	–	1,017
Comprehensive income (loss)	$ 11,621	$ (170)	$ 11,451