

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended ... December 31, 2024
2. SEC Identification Number ... CS201806242      3. BIR Tax Identification No. 009-994-282
4. Exact name of issuer as specified in its charter... Tagum Global Medical Center, Inc.
5. **Philippines**  
Province, Country or other jurisdiction of  
incorporation or organization
6. **(SEC Use Only)**  
Industry Classification Code:
7. Room 227 2<sup>nd</sup> Floor, Gabriel Bldg. Corner Apokon  
and National Highway, Tagum City, Davao del Norte  
Address of principal office
- 8100  
Postal Code
8. 0998-994-8812  
Issuer's telephone number, including area code
9. **N/A**  
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2024)
Common	216,310 shares
Outstanding debt	Php 804,366,227

11. Are any or all of these securities listed on a Stock Exchange

Yes [ ]      No [x]

If yes, state the name of such stock exchange and the classes of securities listed therein:

\_\_\_\_\_

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes

No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes

No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

**APPLICABLE ONLY TO ISSUERS INVOLVED IN  
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes

No

## PART I - BUSINESS AND GENERAL INFORMATION

### Item 1. Business

TAGUM GLOBAL MEDICAL CENTER, INC. is a stock corporation duly organized under the laws of the Republic of the Philippines on 25 April 2018. It was established to maintain, operate, own, and manage hospitals, medical and related healthcare facilities and businesses such as, but without restriction to clinical laboratories, diagnostic centers, ambulatory clinics, condo hospitals, scientific research and other allied undertakings and services which shall provide medical, surgical, nursing, therapeutic, paramedic, or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients. The Company was issued a Permit to Sell Securities on March 10, 2022 under SEC MSRD Order No. 12, Series of 2022.

TAGUM GLOBAL MEDICAL CENTER, INC. aims to be the benchmark of a successful health provider in Davao del Norte by setting up a tertiary health care facility with an organized, systematic, cost-effective, sympathetic and holistic approach to its goal in providing the best quality and justifiable medical services to its clients and stakeholders.

TAGUM GLOBAL MEDICAL CENTER, INC. will further accomplish its mission and purpose through the acquisition of complete and world-class facilities, provide medical specialists who are competent and fully qualified in their line of work, and have equally efficient, well-motivated employees and management staff.

When operational, Tagum Global Medical Center, Inc. will be a 116-bed, Level II, Philhealth accredited hospital in Tagum City in the Province of Davao Del Norte. The medical services will be departmentalized according to specialty, along with the ancillary services such as the laboratory, pharmacy, rehabilitation, radiology and dental services.

The Hospital will serve the patients of Tagum City and other municipalities surrounding the city like Asuncion, Braulio E. Dujali, Carmen, Kapalong and other catchment areas with the main objective of delivering quality health care and services that will be affordable for the Tagumeños.

The registered office of the Company is located at Room 227 2<sup>nd</sup> Floor, Gabriel Bldg. Corner Apokon and National Highway, Tagum City, Davao del Norte.

The Company has commenced business operation on December 18, 2023 after the construction of the multidisciplinary medical facility (hospital) was completed on December 12, 2023.

The principal suppliers of the Company for its equipment and essential raw materials are the following:

#### Contractor/ Supplier

Contractor/ Supplier	Description of Contract
Bell-Kenz Pharmacy Inc.	Medicines
Berovan Marketing	Medical Equipment & Instruments
Davao Industrial Compressed Gases Corporation	Medical Supplies
Enhanced Medical & Industrial Enterprises	Electric Dermatome
Fresenius Medical Care Philippines Inc.	Conventional Hemodialysis/Hemodiafiltration

Fujifilm Philippines Inc.	Gastroscope/Colonoscope
Fusion Pharma Distribution Inc.	Medicines
Healthsolutions	Anesthesia Machine
Hospi Care Medical Trading	Medical Supplies
Infratech Medical Devices Inc.	Vein Finder
Jalee Pharmacy	Medicines
Maracare Medical Devices Inc.	ECG Machine
Nipcon Distributors	Medical Supplies
NPK Medical Trading Inc.	Infant Incubator/Cardiac Monitor/Ventilator
Oxford Distibutions Inc.	Medicines
Perpetual Pharmacy	Medicines
Radtelcom Technologies & Industrial Supply	Full HD Laparoscopic Tower
Reign Marketing Inc.	Surgical Operating Microscope/Neuro & Spine Surgical Drill
Respicare Enterprises Inc.	Anesthesia Machine/Cardiac Monitor/Defibrillator/Ventilator/ Stress Test Treadmill
Rozmed Enterprise Inc.	Autoclave/Ventilator
Scientific Biotech Specialties Inc.	Laboratory reagent supplies
Shimadzu Philippine Corp.	Digital Radiographic System/ X-ray Machine
Siemens Healthcare	CT Scan
Touchstar Medical Enterprises Inc.	Laboratory reagent supplies
Zuellig Pharma Corporation	Medicines

The Company is not expected to be dependent upon one or a limited number of suppliers for its hospital equipment and essential raw materials. Issuer has instituted a procurement policy to ensure that it enters into contracts with its suppliers that are most beneficial to the hospital. The Issuer invites at least three (3) bidders for every supply contract that it intends to enter into.

The Company's related parties include its affiliates and shareholders, the Company's key management personnel and others as described below.

A summary of the transactions and account balances with related parties are as follows:

December 31, 2024 (Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Shareholders	Advances from			Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Advances	₱36,583,318	36,583,318		
	Loans	₱29,650,000	15,650,000	Interest bearing; payable in cash;	Unsecured

Additional loan Payments	(76,000,000)	no scheduled repayment terms	
Interest expense	₱8,632,890	Payable in cash and on demand	Unsecured

December 31, 2023 (Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Shareholders	Advances from			Non-interest bearing; payable in cash; no scheduled repayment terms	
	Payment	₱(68,332,876)	₱ -		Unsecured
	Loans			Interest bearing; payable in cash; no scheduled repayment terms	
	Additional loan Payments	₱ 34,200,000 (2,500,000)	₱ 62,000,000		Unsecured
	Interest expense Payments	₱5,036,390 (3,234,801)	₱1,801,589	Payable in cash and on demand	Unsecured

December 31, 2022 (Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Shareholders	Additional Advances	₱40,842,876	₱68,332,876	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Additional loan	₱ 43,250,000		Interest bearing; payable in cash; no scheduled repayment terms	
	Payments	(18,050,000)	₱ 30,300,000		Unsecured
	Interest expense Payments	₱782,908 (607,675)	₱175,233	Payable in cash and on demand	Unsecured

### Development Bank of the Philippines

The Company entered into two (2) Term Loan Agreement with the Development Bank of the Philippines (DBP) with a total amount of ₱650M. The amount of loan released as at December 2024, 2023 and 2022 amount to ₱650M, ₱650M and ₱450M, respectively.

### *First Term Loan*

The first term loan amounting to ₱500M is payable in twelve (12) years inclusive of a three (3) – year grace period on the principal repayment. The principal is payable in thirty-six (36) quarterly amortizations commencing at the end of the thirteenth (13th) quarter from the date of initial loan release until fully paid. The interest is based on DBP's prevailing rates on the date of loan release 5% - 6% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to partially finance the construction of a seven (7) storey, 2 Level hospital building and roof deck which is located along National Highway, Barangay Visayan Village, Tagum City, Davao Del Norte. The loan was collateralized by a Real Estate Mortgage (REM) with TCT No. 142-2018008220 registered under the name of Tagum Global Medical Center, Inc. with a carrying amount of ₱943,666,232, ₱955,267,686 and ₱742,338,657 as at December 31, 2024, 2023 and 2022. (See Note 11)

The loan agreement with the banks provides certain restrictions and requirements with respect to among others; a) maintenance of debt to equity ratio of 75:25 and 64:36 debt/equity participation mix for the project, b) not to permit the current ratio to be less than 1:1 at any time, c) not to permit the ratio of its net operating income to total debt service to be less than 1.2:1 at any time, d) incurrence of additional long-term indebtedness or guarantees and e) creation of property encumbrances. The Bank grants a one-year relief from compliance with the financial ratios. Accordingly, the provision in the loan agreement will only be imposed in the year following the Company's commencement of its commercial operations.

### *Second Term Loan*

The second term loan amounting to ₱150M is payable in seven (7) years inclusive of a one (1) – year grace period on the principal repayment. The principal is payable in twenty-four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on DBP's prevailing rates on the date of loan release with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to partially finance the acquisition of various hospital machinery and equipment. The loan was collateralized by a Chattel Mortgage (CHM). The carrying value of hospital equipment used as collateral for this loan amounted to ₱80,622,012 and ₱69,359,207 as at December 31, 2024 and 2023. (Note 11)

The loan agreement with the banks provides certain restrictions and requirements with respect to among others; a) maintenance of debt to equity ratio of 75:25 and 64:36 debt/equity participation mix for the project, b) not to permit the current ratio to be less than 1:1 at any time, c) not to permit the ratio of its net operating income to total debt service to be less than 1.2:1 at any time, d) incurrence of additional long-term indebtedness or guarantees and e) creation of property encumbrances. The Bank grants a one-year relief from compliance with the financial ratios. Accordingly, the provision in the loan agreement will only be imposed in the year following the Company's commencement of its commercial operations.

In third quarter of 2023, DBP approved the Company's request for the deferment of the principal repayment of Term Loan 1. The principal repayment which was due in 2023 were added to 2024 quarterly repayment. Consequently, DBP returned the first principal repayment paid by the Company last December 2023.

Tagum Global Medical Center, Inc. has secured the necessary permits and licenses from national and local government entities particularly the Permit to Construct from the Department of Health (DOH) and Environmental Compliance Certificate from DENR.

The License to Operate (LTO) was secured after the full construction of the Hospital and the necessary Occupancy Permit from the Building Official was likewise secured. The DOH conducted an ocular inspection of the facilities of the Hospital, as well as the pre-operation procedures of Tagum Global Medical Center, Inc. to ensure that it is compliant with the standards of the department prior to issuance of the LTO. Other permits may be required later for its operation and shall be complied with by the Hospital.

Required permits such as Building Permit and Business Permit were also secured by the Company from the Office of the City Mayor and from the Business Permit, and Licensing Division respectively.

**Total Number of Full Time-Employees (As of December 31, 2024):**

	CBA	Non-CBA	Total
Rank and File		196	196
Supervisors		4	4
Managers and Top Management		27	27
Total			<b>227</b>

The major risks involved in the Company's business as well as the measures being undertaken by the Company to manage such risks are as follows:

Major Risks		Measures to be Undertaken
1.	Difficulty to collect from patients	The Issuer can mitigate said risk by setting up a Credit and Collection policies and strategies that will ensure payment of patients and by establishing accreditation standards for Health Maintenance Organizations.
2.	Scarcity of Hospital Staff especially Nurses (once the hospital will start operation)	The Issuer will mitigate such risk through effective advertisement and marketing by the Human Resource Department and will develop programs that will enhance and develop the career path of hospital employees.

**Item 2. Properties**

The Issuer (select all that apply)

Property	Own	Lease
Land/Building/Real Estate	✓	
Equipment and other long-term assets	✓	
Intangible property such as patents, licenses, copyrights, trademarks, etc.	✓	

Tagum Global Medical Center Inc. is a seven storey (7-storey), 116 bed capacity hospital. The total floor area is around 13,040 square meters constructed in a 5,000 square meters property located at Purok Café, Visayan Village, National Highway Tagum City 8100.

The property is covered by Transfer Certificate of Title Nos. 142-2018008220 registered in the name of Tagum Global Medical Center, Inc.

The Company has an existing credit facility with the Development Bank of the Philippines in the principal amount of P650 Million. The loan consists of two packages, i.e., Term Loan 1 for the hospital construction and Term Loan 2 for hospital equipment. The loan is available in several draw downs where the bank will conduct an inspection to see the progress of the construction. The first tranche of P100 Million and the second tranche of P75 Million are payable until December 4, 2031 with a current interest rate of 5%-6% per annum subject to quarterly repricing. The loan is secured by a mortgage on the Issuer's property where the hospital is situated with an area of 5,000 square meters together with all the permanent improvements and personal properties built and installed thereon.

The corporation has also acquired the adjacent lot of 14,000 square meters payable in 7 installments at P13,000,000.00 per installment with a total purchase price of P91,000,000.00. As of December 31, 2021, the total amount has been fully paid. The Deed of Absolute Sale and transfer of the title will be made upon full payment of the purchase price or consideration. As of reporting date, the title has not yet been transferred to the Company. The property will be used for future expansion of the hospital.

As of December 31, 2024, the percentage of construction of the building is at 100%. The hospital facility will be a 7-storey building with roof deck, as follows:

<i>Ground Floor</i>	2,180.00	sq.m
<i>Second Floor</i>	2,175.00	sq.m
<i>Third Floor</i>	2,175.00	sq.m
<i>Fourth Floor</i>	1,516.00	sq.m
<i>Fifth Floor</i>	1,516.00	sq.m
<i>Sixth Floor</i>	1,516.00	sq.m
<i>Seventh Floor</i>	1,516.00	sq.m
<i>Roof Deck Floor Area</i>	446.00	sq.m

### Item 3. Legal Proceedings

The Company is not involved in any legal proceeding.

## PART II – SECURITIES OF THE REGISTRANT

### A. Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

#### (1) Market Information

The Company's common equity are sold through its own internal staff. The shares are sold in tranches for easier administration and on a first-come, first-served basis, subject to pre-qualification procedures. The high and low sales prices by quarter for the last two (2) years are as follows:

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		1st Quarter
<i>Market Price</i>	2023	2024	2023	2024	2023	2024	2023	2024	2025

High	250,000	300,000	250,000	300,000	250,000	300,000	250,000	300,000	300,000
Low	250,000	300,000	250,000	300,000	250,000	300,000	250,000	300,000	300,000

*\*The Company's Permit to Sell Securities was issued on March 10, 2022 under SEC MSRDR Order No. 12, Series of 2022.*

The price as of January 15, 2024, (latest practicable trading date) is P 300,000.00 per block (10 shares).

(2) Holders

There are approximately 906 holders of common shares of the Company as of 31 December 2024.

**Top 20 Stockholders (As of 31 December 2024)**

Name of Stockholders	Nationality	No. of Shares	Percentage of Ownership
Carlos, Fernando P.	Filipino	F 10	1.63%
		C 3,390	
Enriquez, Amado Manuel, Jr. C.	Filipino	F 90	14.68%
		C 30,510	
Enriquez, Michael Edward R.	Filipino	F 30	4.89%
		C 10,170	
Enriquez, Miguel Antonio R.	Filipino	F 30	4.89%
		C 10,170	
Viernes, La Rhaine G.	Filipino	F 10	1.63%
		C 3,390	
Dalisay, Mae T.	Filipino	F 20	3.333%
		C 6,780	
Carlos, Fernando P.	Filipino	F 10	1.63%
		C 3,390	
Cerna-Lopez, Geanie	Filipino	F 10	1.63%
		C 3,390	
Cu, Dorothy Mildred S.	Filipino	F 10	1.63%
		C 3,390	
Del Fierro, Jose Emmanuel S.	Filipino	F 10	1.63%
		C 3,390	
Demegillo, Kenny Jun N.	Filipino	F 10	1.63%
		C 3,390	
Guillano, Franklin B.	Filipino	F 10	1.63%
		C 3,390	
Jaya, Maria Pilipinas D.	Filipino	F 10	1.63%
		C 3,390	
Juarez, Mariebeth P.	Filipino	F 10	1.63%
		C 3,390	
Nuevas, Nimfa L.	Filipino	F 10	1.63%
		C 3,390	
Orillaza, Generoso M.	Filipino	F 10	1.63%
		C 3,390	
Perdido, Evelyn Ross H.	Filipino	F 10	1.63%
		C 3,390	
Samoro, Fredilyn G.	Filipino	F 10	1.63%
		C 3,390	

		C	3,390	
Samoy, Marietta T.	Filipino	F	10	1.63%
		C	3,390	
Valencia, Orlando A.	Filipino	F	10	1.63%
		C	3,390	
Others		F	270	46.18%
		C	95,990	
<b>Total</b>		F	<b>600</b>	<b>100%</b>
		C	<b>207,860</b>	

### (3) Dividends

#### Dividend Information on the Two Most Recent Fiscal Years

No dividends were declared by the Company since its incorporation in 2018. The Company has not yet commenced its business operations.

As stated in the Company's By-Laws, dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them as often and as such times as decided on the Board of Directors.

Based on the Issuer's loan agreement with the DBP, dividend declarations shall be subject to the approval of the Bank.

There is no recent sale of unregistered or exempt securities.

## PART III. FINANCIAL INFORMATION

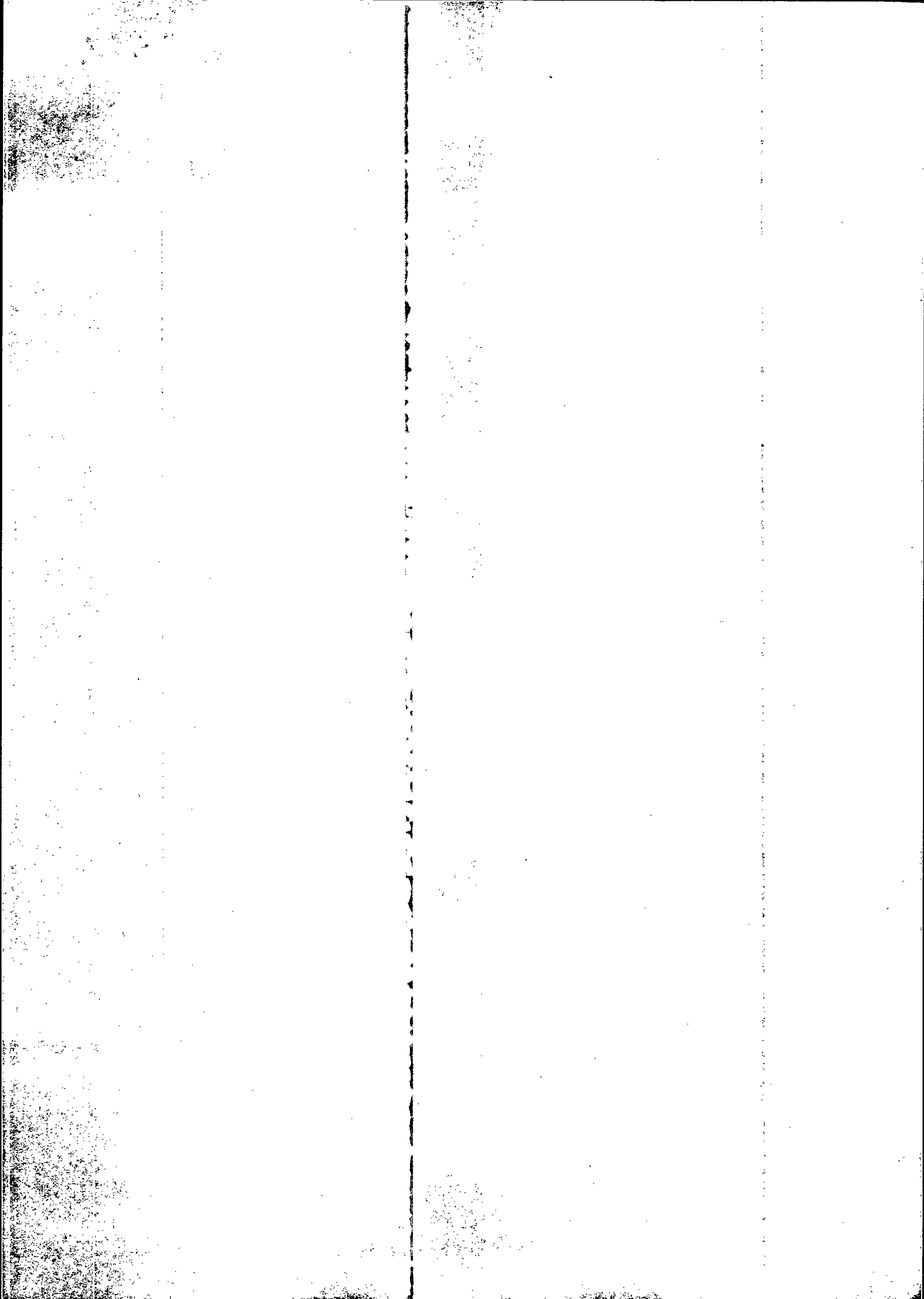
### A. Management's Discussion and Analysis or Plan of Operation

#### Management's Discussion and Analysis

The following table shows the consolidated financial highlights of the Company for the years then ended December 31, 2024, 2023 and 2022:

	<i>As of December 31</i>		
	<i>2024</i>	<i>2023</i>	<i>2022</i>
<b>Income Statement Data</b>			
Revenue	P 183,033,578	P 735,623	P -
Cost of sales and services	(144,369,785)	(2,776,774)	-
Other income	3,600,561	412,894	9,532
Operating expenses	(38,503,333)	(26,155,555)	(2,441,029)
Finance cost	(56,503,113)	(3,255,146)	-
Income tax benefit	11,024,067	7,685,476	570,598
<b>Net Loss</b>	<b>(P41,718,025)</b>	<b>(P23,353,482)</b>	<b>(P1,860,899)</b>

As disclosed in the Note 1 in the financial statements, the Company was incorporated on April 25, 2018 and has launched the full opening and full commercial operations of its hospital building and facilities in December 18, 2023.



## Revenue

Revenue generated for the year ended 2024 amounted to ₱183M. This was due to start of the Company's full operation of the hospital in 2024.

## Cost of Sales and Services

Cost of sales and services for the year ended 2024 amounted to ₱144M. This was directly associated with the start of the Company's full operation in 2024. The major component of the cost of sales and services are employee's compensation and benefits, supplies, depreciation, outside services, utilities, dietary expenses and professional fees.

## Other Income

Other income increased by 772%. This is primarily due to increase in interest income, income from cafeteria and miscellaneous income in relation to the operation of the hospital.

## Operating Expenses

Operating expenses during December 31, 2024 are higher compared to December 31, 2023 expenses by 47%. This is primarily due to increase in taxes and licenses, transportation, professional fee, salaries and wages insurance, recruitment expenses, outside services, office supplies and all expenses in relation to the full operation of the hospital.

## Income tax benefit

The account increased by 43% was primarily due to higher expenses resulting to higher taxable loss for the year 2024.

## Loss for the year

Loss for the year ended December 31, 2024 is higher than in 2023 by 79% primarily due to the significant increase of expenses as the Company started the full operation of the hospital 2024.

## *Financial Condition*

Total assets increased from ₱1,134.5M to ₱1,171.9M, a 3% increase from December 31, 2023. The increase was due to the significant increase in receivables, inventories, prepayments and other current assets property and equipment, financial asset at FVOCI, refundable deposits and deferred tax asset, negated by the significant decrease in cash and advances to contractors and suppliers.

Cash decreased by ₱56.4M or 88% primarily due to additional acquisition of equipment and furniture and fixtures and operational expenses. This was partly negated by the proceeds from issuance of shares and receipts from commencement of full operation of the hospital in 2024.

Receivables increased by ₱62.28M primarily due to the commencement of full operation of the hospital in 2024.

Inventories increased by ₱18.07M due to additional purchases of hospital, dietary and office supplies due to full operation of the hospital in 2024.

Increase in prepayments and other current assets by ₱3.93M was primarily due to additional VAT input and prepaid income tax and this was negated by prepaid insurance and prepaid withholding tax on compensation.

Advances to contractors and suppliers decreased by ₱2.83M was primarily due to reclassification of the down payments related to the medical equipment, office equipment and furniture and other hospital equipment.

Property and equipment increased by ₱38K primarily due to the additional acquisition of medical equipment, office equipment/furniture and fixtures, transportation equipment and other hospital equipment and partly negated by depreciation expense for the period.

Intangible assets increased by ₱1.01M due to use of hospital information system in relation to the full operation of the hospital in 2024. This is net of amortization for the year.

Financial asset at FVOCI increase by ₱650. This was due to the rebates earned for the year 2024.

Refundable deposit increased by ₱210K primarily due to additional deposits in deposits paid for oxygen tanks.

Deferred tax asset increased by ₱11.02M due to the tax effect of additional losses incurred by the Company for the year 2024.

Total liabilities increased by ₱3.29M. The increase was primarily due to the additional loan availed by the company during the year 2024, advances from shareholder and other current liabilities from government agencies for the period.

Payables decreased by ₱5.14M. This decrease was mainly due to payments of retention payable in relation with the Company's construction of hospital building which was completed in the fourth quarter of 2023. This was negated by additional accounts, accrued expenses of unpaid professional fees and interests on loans.

Advances from shareholders increased by ₱36.59M primarily due to additional advances from shareholders for operation expenses.

Loans payable represents interest-bearing loan from Banks and shareholders in support of the construction of the Company's hospital building and hospital equipment. The increase was mainly due to the additional loan release from shareholders amounting to ₱29.65M which was negated by the payment of loans amounting to ₱90.20M, resulting to a net decrease in loans payable of ₱60.55M in 2024.

The ₱65.3M increase in the total equity is primarily due to the additional share premium and issuance of share capital for the year. This was negated by the negative result of operation from 2024.

#### Key Performance Indicators

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
<b>1. Liquidity</b>			
<b>a. Quick ratio</b> - capacity to cover its short-term obligations using only its most liquid assets. [(cash + receivables) / current liabilities]	0.342:1	0.284:1	0.051:1
<b>b. Current ratio</b> - capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)	0.358:1	0.286:1	0.052:1

<b>2. Solvency</b> <b>a. Debt to equity ratio</b> - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	2.189:1	2.754:1	3.221:1
<b>3. Profitability</b> <b>a. Net profit margin</b> - ability to generate surplus for stockholder (net income / sales) - Remarks: The ratio is not applicable in 2022 and 2021 since the Company is still at pre-operating stage. <b>b. Return on equity</b> - ability to generate returns on investment of stockholders. (net income / equity)	(0.228:1)  (0.125):1	(31.747:1)  (0.077):1	N/A  (0.13):1
<b>4. Leverage</b> <b>b. Debt to total asset ratio</b> - the proportion of total assets financed by creditors. (total liabilities / total assets) <b>c. Asset to equity ratio</b> - indicator of the overall financial stability of the Company. (total assets / equity)	0.686:1  3.189:1	0.734:1  3.754:1	0.763:1  4.221:1
<b>2. Interest Rate Coverage Ratio</b> <b>a. Interest rate coverage ratio</b> - measure of the company's ability to meet its interest payments (earnings before interest and taxes / interest expense)	0.067:1	(8.535:1)	N/A

#### DECEMBER 31, 2024 COMPARED TO DECEMBER 31, 2023

	For The Year Ended		Horizontal Analysis		Vertical Analysis	
	31-Dec-2024	31-Dec-2023	Inc (Dec)	%age	31-Dec-2024	31-Dec-2023
Revenues	₱ 183,033,578	₱ 735,623	₱ 182,297,955	24781%	100%	100%
Cost of sales and services	(144,369,785)	(2,776,774)	(141,593,011)	5099%	-79%	-377%
Other income	3,600,561	412,894	3,187,667	772%	2%	56%
Operating expenses	(38,503,333)	(26,155,555)	(12,347,778)	47%	-21%	-3556%
Finance costs	(56,503,113)	(3,255,146)	(53,247,967)	1636%	-31%	-443%
Income tax benefit	11,024,067	7,685,476	3,338,591	43%	6%	1045%
<b>Net loss</b>	<b>₱ (41,718,025)</b>	<b>₱ (23,353,482)</b>	<b>₱ (18,364,543)</b>	<b>79%</b>	<b>-23%</b>	<b>-3175%</b>

#### Changes in Operating Results

Revenue generated for the year ended 2024 amounted to ₱183M. This was due to start of the Company's full operation of the hospital in 2024.

Cost of sales and services for the year ended 2024 amounted to ₱144M. This was directly associated with the start of the Company's full operation in 2024. The major component of the cost of sales and services are employee's compensation and benefits, supplies, depreciation, outside services, utilities, dietary expenses and professional fees.

Other income increased by 772%. This is primarily due to increase in interest income, income from cafeteria and miscellaneous income in relation to the operation of the hospital.

Operating expenses during December 31, 2024 are higher compared to December 31, 2023 expenses by %. This is primarily due to increase in taxes and licenses, transportation, professional fee, salaries and wages insurance, recruitment expenses, outside services, office supplies and all expenses in relation to the full operation of the hospital.

Income tax benefit increased by 43% was primarily due to higher expenses resulting to higher taxable loss for the year 2024.

Loss for the year ended December 31, 2024 is higher than in 2023 by 79% primarily due to the significant increase of expenses as the Company started the full operation of the hospital 2024.

	31-Dec-2024		31-Dec-2023		Horizontal Analysis		Vertical Analysis		
					Inc(Dec)	%age	31-Dec-2024	31-Dec-2023	
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash	₱	7,916,354	₱	64,287,204	₱	(56,370,850)	-88%	1%	6%
Receivables		62,404,351		119,015		62,285,336	52334%	5%	0%
Inventories		19,701,018		1,626,820		18,074,198	1111%	2%	0%
Prepayments and other current assets		4,274,019		335,325		3,938,694	1175%	0%	0%
<b>Total Current Assets</b>		<b>94,295,742</b>		<b>66,368,364</b>		<b>27,927,378</b>	<b>42%</b>	<b>8%</b>	<b>6%</b>
<b>Non-current Assets</b>									
Advances to contractors and suppliers		15,200,701		18,031,152		(2,830,451)	-16%	1%	2%
Property and equipment - net		1,038,894,124		1,038,855,991		38,133	0%	89%	92%
Intangible asset, net		1,016,667		-		1,016,667	0%	0%	0%
Financial Asset at FVOCI		4,500		3,850		650	17%	0%	0%
Refundable deposit		2,653,611		2,443,611		210,000	9%	0%	0%
Deferred tax asset		19,818,712		8,794,645		11,024,067	125%	2%	1%
<b>Total Non-Current Assets</b>		<b>1,077,588,315</b>		<b>1,068,129,249</b>		<b>9,459,066</b>	<b>1%</b>	<b>92%</b>	<b>94%</b>
<b>Total Assets</b>	₱	<b>1,171,884,057</b>	₱	<b>1,134,497,613</b>	₱	<b>37,386,444</b>	<b>3%</b>	<b>100%</b>	<b>100%</b>
<b>LIABILITIES AND EQUITY</b>									
<b>Current Liabilities</b>									
Payables	₱	114,641,025	₱	119,778,297	₱	(5,137,272)	-4%	10%	11%
Advances from shareholders		36,583,318		-		36,583,318	0%	3%	0%
Loans payable - current		110,650,000		112,000,000		(1,350,000)	-1%	9%	10%
Other current liabilities		1,691,884		541,631		1,150,253	212%	0%	0%
<b>Total Current Liabilities</b>		<b>263,566,227</b>		<b>232,319,928</b>		<b>31,246,299</b>	<b>13%</b>	<b>22%</b>	<b>20%</b>
<b>Non-Current Liabilities</b>									
Loans payable - non current		540,800,000		600,000,000		(59,200,000)	-10%	46%	53%
<b>Total Liabilities</b>		<b>804,366,227</b>		<b>832,319,928</b>		<b>(27,953,701)</b>	<b>-3%</b>	<b>69%</b>	<b>73%</b>
<b>Equity</b>									
Share capital		216,910,000		142,120,000		74,790,000	53%	19%	13%
Share premium		220,616,750		188,348,580		32,268,170	17%	19%	17%
Deposit for future stock subscription		10,000,000		10,000,000		-	0%	1%	1%
Accumulated deficit		(80,008,920)		(38,290,895)		(41,718,025)	109%	-7%	-3%
<b>Equity, Net</b>		<b>367,517,830</b>		<b>302,177,685</b>		<b>65,340,145</b>	<b>22%</b>	<b>100%</b>	<b>100%</b>
<b>Total Liabilities and Equity</b>	₱	<b>1,171,884,057</b>	₱	<b>1,134,497,613</b>	₱	<b>37,386,444</b>	<b>3%</b>	<b>100%</b>	<b>100%</b>

### Financial Condition

Total assets increased from ₱1,134.5M to ₱1,171.9M, a 3% increase from December 31, 2023. The increase was due to the significant increase in receivables, inventories, prepayments and other current assets property and equipment, financial asset at FVOCI, refundable deposits and deferred tax asset, negated by the significant decrease in cash and advances to contractors and suppliers.

Cash decreased by ₱56.4M or 88% primarily due to additional acquisition of equipment and furniture and fixtures and operational expenses. This was partly negated by the proceeds from issuance of shares and receipts from commencement of full operation of the hospital in 2024.

Receivables increased by ₱62.28M primarily due to the commencement of full operation of the hospital in 2024.

Inventories increased by ₱18.07M due to additional purchases of hospital, dietary and office supplies due to full operation of the hospital in 2024.

Increase in prepayments and other current assets by ₱3.93M was primarily due to additional VAT input and prepaid income tax and this was negated by prepaid insurance and prepaid withholding tax on compensation.

Advances to contractors and suppliers decreased by ₱2.83M was primarily due to reclassification of the down payments related to the medical equipment, office equipment and furniture and other hospital equipment.

Property and equipment increased by ₱38K primarily due to the additional acquisition of medical equipment, office equipment/furniture and fixtures, transportation equipment and other hospital equipment and partly negated by depreciation expense for the period.

Intangible assets increased by ₱1.01M due to use of hospital information system in relation to the full operation of the hospital in 2024. This is net of amortization for the year.

Financial asset at FVOCI increase by ₱650. This was due to the rebates earned for the year 2024.

Refundable deposit increased by ₱210K primarily due to additional deposits in deposits paid for oxygen tanks.

Deferred tax asset increased by ₱11.02M due to the tax effect of additional losses incurred by the Company for the year 2024.

Total liabilities increased by ₱3.29M. The increase was primarily due to the additional loan availed by the company during the year 2024, advances from shareholder and other current liabilities from government agencies for the period.

Payables decreased by ₱5.14M. This decrease was mainly due to payments of retention payable in relation with the Company's construction of hospital building which was completed in the fourth quarter of 2023. This was negated by additional accounts, accrued expenses of unpaid professional fees and interests on loans.

Advances from shareholders increased by ₱36.59M primarily due to additional advances from shareholders for operation expenses.

Loans payable represents interest-bearing loan from Banks and shareholders in support of the construction of the Company's hospital building and hospital equipment. The increase was mainly due to the additional loan release from shareholders amounting to ₱29.65M which was negated by the payment of loans amounting to ₱90.20M, resulting to a net decrease in loans payable of ₱60.55M in 2024.

The ₱65.3M increase in the total equity is primarily due to the additional share premium and issuance of share capital for the year. This was negated by the negative result of operation from 2024.

## DECEMBER 31, 2023 COMPARED TO DECEMBER 31, 2022

### *Changes in Operating Results*

Revenue generated for the year ended 2023 amounted to ₱.735M. This was due to start of the Company's full operation of the hospital in December 2023

Cost of sales and services for the year ended 2023 amounted to ₱2.78M. This was directly associated with the start of the Company's full operation in December 2023. The major component of the cost of sales and services, employee's compensation and benefits, supplies, depreciation, outside services, utilities, dietary expenses and professional fees.

Other income increased by 4,232%. This is primarily due to increase in interest income, income from cafeteria and miscellaneous income in relation to the operation of the hospital.

Operating expenses during December 31, 2023 are higher compared to December 31, 2022 expenses by 971%. This is primarily due to increase in taxes and licenses, professional fee, salaries and wages insurance, recruitment expenses, outside services, office supplies and all expenses in relation to the full operation of the hospital in December 2023.

Income tax benefit increased by 1,247% was primarily due to higher expenses resulting to higher taxable loss for the year 2023.

Loss for the year ended December 31, 2023 is higher than in 2022 by 1,155% primarily due to the significant increase of expenses as the Company started the full operation of the hospital in December 2023.

### *Financial Condition*

Total assets increased from ₱775.5M to ₱1,134.5M, a 46% increase from December 31, 2022. The increase was due to the significant increase in cash, receivables, inventories, prepayments and other current assets property and equipment, financial asset at FVOCI, refundable deposits and deferred tax asset, negated by the significant decrease in advances to contractors and suppliers.

Cash increased by ₱55.9M or 670% primarily due to additional loan release from DBP, proceeds from issuance of shares and receipts from commencement of full operation of the hospital in December 2023. This was partly negated by the expenditures on the construction of the hospital building, acquisition of equipment and furniture and fixtures and the operating expenses for the period.

Receivables increased by ₱119,015 primarily due to employee's additional reimbursement of sickness benefit and advances for training.

The increase in inventories pertains mainly to purchases of medicine and medical supplies.

Increase in prepayments and other current assets by ₱.123M was primarily due to the decreased in prepaid insurance and prepaid withholding tax on compensation, though there was an additional VAT input.

Advances to contractors and suppliers decreased by ₱5.2M was primarily due to reclassification of the down payments related to the medical equipment, office equipment and furniture and other hospital equipment.

Property and equipment increased by ₱296.3M primarily due to the additional capital expenditures on the construction of the hospital building and acquisition of medical equipment, office

equipment/furniture and fixtures, transportation equipment and other hospital equipment and partly negated by depreciation expense for the period. In December 2023, the Company launched the full opening and full commercial operations of its hospital building and facilities, hence Construction-in-progress was reclassified to Hospital Building Account by ₱816.74M.

Financial asset at FVOCI increase by ₱600. This was due to the rebates earned for the year 2023.

Refundable deposit increased by ₱2.44M primarily due to additional deposits in utility and deposits paid for oxygen tanks.

Deferred tax asset increased by ₱7.69M due to the tax effect of losses incurred by the Company for the year 2023.

Total liabilities increased by ₱240.5M. The increase was primarily due to the additional loan availed by the company during the year 2023, payables in relations to the construction of the hospital building and other current liabilities from government agencies in the commencement of hospital full operation in December 2023 and these were negated by additional payment to advances from shareholders.

Payables increased by ₱76.99M. This increase was mainly due to the additional accounts and retention payable in relation with the Company's construction of hospital building which was completed in the fourth quarter of 2023. This was negated by accrued expenses of unpaid professional fees and interests on loans.

Advances from shareholders was fully paid in 2023.

Loans payable represents interest-bearing loan from Banks and shareholders in support of the construction of the Company's hospital building and hospital equipment. The increase was mainly due to the additional loan release from Development Bank of the Philippines and shareholders amounting to ₱234.2M which was negated by the payment of loans payable to related party amounting to ₱2.5M, resulting to a net increase in loans payable of ₱231.7M in 2023.

The ₱118.44M increase in the total equity is primarily due to the additional share premium and issuance of share capital for the year. This was negated by the negative result of operation from December 2023.

## **DECEMBER 31, 2022 COMPARED TO DECEMBER 31, 2021**

### *Changes in Operating Results*

Interest income during December 31, 2022 is lower than December 31, 2021 by 80.26%. This was due to the decrease in average daily balance in cash in banks brought by increase in expenditures in connection with the construction of the hospital building.

Rebates income for the year 2022 is higher than year 2021 by 18.18%.

Expenses during December 31, 2022 are higher compared to December 31, 2021 expenses by 99.26%. This is primarily due to increase in taxes and licenses, professional fee, salaries and wages and office supplies, these were negated by the decrease of representation expense, advertising and promotions and miscellaneous expense.

Income tax benefit increased by 237.93% was primarily due to higher expenses resulting to higher taxable loss for the year 2022.

Loss for the year ended December 31, 2022 is higher than in 2021 by 84.12%. This was due to higher general and administrative expenses in 2022 as the Company is nearing to the target completion of the construction of its hospital building and due to lifting of restrictions on pandemic (Covid 19).

#### *Financial Condition*

Total assets increased from ₱509.3M to ₱775.5M, a 52.27% increase from December 31, 2021. The increase was due to the significant increase in advances to contractors, property and equipment, financial asset at FVOCI and deferred tax asset, negated by the significant decrease in cash, receivables and prepayments and other current assets.

Cash decreased by ₱1.6M or 16.31%. Though there was an additional loan release and obtained in 2022, additional advances from shareholders and proceeds from issuance of shares, this was consumed by the expenditures in relation to the construction of the hospital building, advance payment to contractors, additional payment for land and the pre-operating expenses for the year.

Receivables decreased by ₱47,250 was brought about by the collection of employee's reimbursement of maternity benefit.

The decrease in prepayments and other current assets by ₱.444M was primarily due to the decreased in prepaid insurance and prepaid withholding taxes.

Advances to contractors increased by ₱5.3M was primarily due to additional advance payments to contractors in 2022.

Property and equipment increased by ₱262.3M primarily due to the ongoing construction of the hospital building.

Financial asset at FVOCI increase by ₱650. This was due to the rebates earned for the year 2022.

Deferred tax asset increased by ₱.570M due to the tax effect of losses incurred by the Company for the year 2022.

Total liabilities increased by ₱180.3M. The increase was primarily due to the additional loan availed by the company during the year 2022, additional advances from shareholders and these were negated by payables in relation to the ongoing construction of the hospital building.

Payables decreased by ₱10.67M. This decrease was mainly due to the significant decrease in the accounts payable in relation with the Company's construction of hospital building as of December 31, 2022.

Advances from shareholders increased by ₱40.8M due to additional advances availed in 2022.

Loans payable represents interest-bearing loan from Banks and shareholders in support of the construction of the Company's hospital building. This increased by ₱150.2M in 2022. As of December 31, 2022, the Company is not compliance with the bank required ratios. However, based on the discussion with the credit committee of the Bank, it was decided that the Company will be given one year from start of commercial operation to comply with required ratios.

The ₱85.8M increase in the total equity is primarily due to the additional share premium and issuance of share capital for the year. The Company is still non-operational and most of the expenses incurred relates to planning and mobilization expenses.

*Material Changes in Financial Condition*

<b>From January 1, 2024 to December 31, 2024</b>	<b>From January 1, 2023 to December 31, 2023</b>	<b>From January 1, 2022 to December 31, 2022</b>
<p><b>a. Cash decreased by ₱56.4M or 88%</b> This is primarily due to additional acquisition of equipment and furniture and fixtures and operational expenses. This was partly negated by the proceeds from issuance of shares and receipts from commencement of full operation of the hospital in 2024.</p>	<p><b>a. Cash increased by ₱55.9M</b> This is primarily due to additional loan release from DBP, proceeds from issuance of shares and receipts from commencement of full operation of the hospital in December 2023. This was partly negated by the expenditures on the construction of the hospital building, acquisition of equipment and furniture and fixtures and the operating expenses for the period.</p>	<p><b>a. Cash decreased by ₱1.6M</b> Though there was an additional loan release and obtained in 2022, additional advances from shareholders and proceeds from issuance of shares, this was consumed by the expenditures in relation to the construction of the hospital building, advance payment to contractors, additional payment for land and the pre-operating expenses for the year.</p>
<p><b>b. Receivables increased by ₱62.28M</b> Due to employee's additional reimbursement of sickness benefit and receipts from commencement of full operation of the hospital in 2024.</p>	<p><b>b. Receivables increased by ₱.119M</b> Due to employee's additional reimbursement of sickness benefit and advances for training.</p>	<p><b>b. Receivables decreased by ₱.047M</b> The decrease was brought about by the collection of employee's reimbursement of maternity benefit.</p>
<p><b>c. Inventories increased by ₱18.07M</b> Due to additional purchases of hospital, dietary and office supplies due to full operation of the hospital in 2024.</p>	<p><b>c. Inventories increase by ₱1.62M</b> Due to purchases of medicine and medical supplies in the commencement of operation in December 2023.</p>	
<p><b>d. Prepayments and other current assets increased by ₱3.93M</b> was primarily due to additional VAT input and prepaid income tax and this was negated by prepaid insurance and prepaid withholding tax on compensation.</p>	<p><b>d. Prepayments and other current assets increased by ₱.123M</b> primarily due to additional VAT input and this was negated by prepaid insurance and prepaid withholding tax on compensation.</p>	<p><b>d. Prepayments and other current assets increased by ₱.444M</b> primarily due to the decreased in the advance payments made to contractors and prepaid insurance.</p>
<p><b>e. Advances to contractors and suppliers was decreased by ₱2.83M</b> Due reclassification of the down payments related to the medical equipment, office equipment and furniture and other hospital equipment.</p>	<p><b>e. Advances to contractors and suppliers was decreased by ₱5.2M</b> Due to reclassification of the down payments related to the medical equipment, office equipment and furniture and other hospital equipment.</p>	<p><b>e. Advances to contractors increased by ₱5.3M</b> was primarily due to additional advance payments to contractors in 2022.</p>
<p><b>f. Property and equipment increased by ₱38K</b> primarily due to the additional acquisition of medical equipment, office equipment/furniture and fixtures, transportation equipment and other hospital equipment and partly negated by depreciation expense for the period.</p>	<p><b>f. Property and equipment increased by ₱296.3M</b> primarily due to the additional capital expenditures on the construction of the hospital building and acquisition of medical equipment, office equipment/furniture and fixtures, transportation equipment and other hospital equipment and partly negated by depreciation expense for the period. In December 2023, the Company launched the full opening and full commercial operations of its hospital building and facilities, hence Construction-in-progress was reclassified to Hospital Building Account by ₱816.74M.</p>	<p><b>f. Property and equipment increased by ₱262.3M</b> primarily due to the ongoing construction of the hospital building</p>

<p><b>g. Intangible assets increased by P1.01M</b> Due to use of hospital information system in relation to full operation of the hospital.</p>		
<p><b>h. Financial Asset at FVOCI increased by P650</b> Due to rebates earned in 2024.</p>	<p><b>h. Financial Asset at FVOCI increased by P600</b> Due to rebates earned in 2023.</p>	<p><b>h. Financial Asset at FVOCI increased by P650</b> Due to rebates earned in 2022.</p>
<p><b>i. Refundable deposit increased by P210K</b> Due to additional deposits in deposits paid for oxygen tanks.</p>	<p><b>i. Refundable deposits increased by P2.44M</b> Due to additional deposits to utility and deposits paid for the oxygen tanks.</p>	<p><b>i. Refundable deposits increased by P2.44M</b> Due to additional deposits to utility and deposits paid for the oxygen tanks.</p>
<p><b>j. Deferred tax asset increased by P11.02M</b> due to the tax effect of losses incurred by the Company for the year 2024.</p>	<p><b>j. Deferred tax asset increased by P7.69M</b> due to the tax effect of losses incurred by the Company for the year 2023.</p>	<p><b>j. Deferred tax asset increased by P7.69M</b> due to the tax effect of losses incurred by the Company for the year 2023.</p>
<p><b>k. Payables decreased by P5.14M</b>  This decrease was mainly due to payments of retention payable in relation with the Company's construction of hospital building which was completed in the fourth quarter of 2023. This was negated by additional accounts, accrued expenses of unpaid professional fees and interests on loans.</p>	<p><b>k. Payables increased by P76.99M</b>  This increase was mainly due to the additional accounts and retention payable in relation with the Company's construction of hospital building which was completed in the fourth quarter of 2023. This was negated by accrued expenses of unpaid professional fees and interests on loans.</p>	<p><b>k. Payables decreased by P10.67M</b>  This increase was mainly due to the significant increase in the accounts payable in relation with the Company's construction of hospital building as of December 31, 2022.</p>
<p><b>l. Loans payable net increased by P60.55M</b> The increase was mainly due to the additional loan release from shareholders amounting to P29.65M which was negated by the payment of loans payable to bank and related party amounting to P90.20M</p>	<p><b>l. Loans payable net increased by P231.7M</b> The increase was mainly due to the additional loan release from Development Bank of the Philippines and shareholders amounting to P234.2M which was negated by the payment of loans payable to related party amounting to P2.5M</p>	<p><b>l. Loans payable increased by P150.3M</b> due to additional loans availed in 2022</p>
<p><b>m. Advances from shareholders increased by P36.59M</b> Primarily due to additional advances from shareholders for operation expenses.</p>	<p><b>m. Advances from shareholders decreased by P68.3M</b> This was fully paid in 2023.</p>	<p><b>m. Advances from shareholders increased by P40.8M</b> due to additional advances availed in 2022.</p>
<p><b>n. Equity increased by P65.3M</b> primarily due to the additional share premium and issuance of share capital for the year. This was negated by the negative result of operation from 2024</p>	<p><b>n. Equity increased by P118.44M</b> primarily due to the additional share premium and issuance of share capital for the year. This was negated by the negative result of operation from December 2023.</p>	<p><b>n. Equity decreased by P85.8M</b> primarily due to the negative result of operation for the year.</p>

Material Changes in Operating Results

2024 vs. 2023	2023 vs. 2022	2022 vs. 2021
<p><b>a. Revenue increased by 24,781%</b> This was due to start of the Company's full operation of the hospital 2024.</p>	<p><b>a. Revenue increased by 100%</b> This was due to start of the Company's full operation of the hospital in December 2023.</p>	
<p><b>b. Cost of sales and services increased by 5,099%</b> This was directly associated with the start of the Company's full operation in 2024. The major component of the cost of sales and services are employee's compensation and benefits, supplies, depreciation, outside services, utilities, dietary expenses and professional fees.</p>	<p><b>b. Cost of sales and services increased by 100%</b> This was directly associated with the start of the Company's full operation in December 2023. The major component of the cost of sales and services, employee's compensation and benefits, supplies, depreciation, outside services, utilities, dietary expenses and professional fees.</p>	
<p><b>c. Other income increased by 772%</b> This is primarily due to increase in interest income, income from cafeteria and miscellaneous income in relation to the operation of the hospital.</p>	<p><b>c. Other income increased by 4,232%</b> This is primarily due to increase in interest income, income from cafeteria and miscellaneous income in relation to the operation of the hospital.</p>	<p><b>c. Interest income decreased by 80.26%</b> was due to lower average balance in the cash in bank in 2022</p>
		<p><b>d. Rebates income increased by 18.18%</b> was due to higher rebates received from VITRUWASCO.</p>
<p><b>e. Operating expenses increased by 47%</b>  This is primarily due to increase in taxes and licenses, transportation, professional fee, salaries and wages insurance, recruitment expenses, outside services, office supplies and all expenses in relation to the full operation of the hospital.</p>	<p><b>e. Operating expenses increased by 971%</b>  This is primarily due to increase in taxes and licenses, professional fee, salaries and wages insurance, recruitment expenses, outside services, office supplies and all expenses in relation to the full operation of the hospital in December 2023.</p>	<p><b>e. Expenses increased by 99.26%</b>  Though there's an increase in taxes and licenses, professional fee, salaries and wages, office supplies, , these were negated by the decrease of representation expense, advertising and promotions and miscellaneous expense.</p>
<p><b>f. Income tax benefit increased by 43%</b> due to higher expenses resulting to higher taxable loss for the year 2024.</p>	<p><b>f. Income tax benefit increased by 1,247%</b> due to higher expenses resulting to higher taxable loss for the year 2023.</p>	<p><b>f. Income tax benefit increased by 237.93%</b> due to higher expenses resulting to higher taxable loss for the year 2022.</p>
<p><b>g. Loss for the year increased by 79%</b> primarily due to the significant</p>	<p><b>g. Loss for the year increased by 1,155%</b> Primarily due to the significant</p>	<p><b>g. Loss for the year increased by 84.12%</b> This was due to higher</p>

increase of expenses as the Company started the full operation of the hospital 2024.	increase of expenses as the Company started the full operation of the hospital in December 2023.	general and administrative expenses in 2022 due to lifting of restrictions on pandemic (Covid 19).
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There are no known trends, events or uncertainties that have material impact on liquidity. Nevertheless, Management still continues to pursue intensive efforts to improve cash management.

There are no events that will trigger direct or contingent financial obligation that is material to the Company.

There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company continues to spend for capital expenditures in relation to the construction of the hospital building and acquisition of hospital equipment, office equipment /furniture and fixtures and transportation equipment. These are funded by the proceeds from the offer and bank loans.

The Company start the full operation of the hospital in December 2023.

The financial condition or results of operations of the Company are not affected by any seasonal change.

The Company is not involved in legal proceedings, tax and/or regulatory assessments.

#### Financial Risks

1. Interest Rate Risk – The Company's interest rate risk is limited to its cash in banks and loans payable.
2. Credit Risk – The Company's credit risk is primarily attributable to its cash and receivables. The Company has adopted stringent procedure in extending credit terms and in monitoring its credit risk. The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD. The Company's exposure on receivables is minimal since the Company is still at pre-operating stage.
3. Liquidity Risk – As part of the Company's overall liquidity management, the Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties, if there's any.

The Company has no investments in foreign securities.

Material changes on line items in the financial statements are included in "Management's Discussion and Analysis" above (refer to pages 17-20).

#### **B. Information on Independent Accountant and Other Related Matters**

The Company's external auditor is the auditing firm of Perez, Sese, Villa & Co., CPA'S. The same auditing firm is being recommended by the Board, based on the recommendation of the Audit Committee composed of Dr. Orlando Valencia (Chairman/Independent Director), Dr. John Elmer Quilisadio (Member/Independent Director), for re-appointment as the Company's external auditor for the fiscal year 2025, for a fee of Php250,000.00 (inclusive of VAT).

- a. The Audit committee evaluates proposals based on the quality of service, commitment for deadline and fees. The committee may require a presentation from each proponent to clarify some issues.

- b. Perez, Sese, Villa & Co., CPA'S, represented by its engagement partner, Ms. Alma Sese is the external auditor of the Company for the most recently completed year 2024. Pursuant to SRC Rule 68 (3) (b) (iv) of the Amended Implementing Rules and Regulations of the Securities Regulation Code (SRC) (re: rotation of external auditors), the Company has not engaged Ms. Alma Sese for more than five years.
- c. Representatives of Perez, Sese, Villa & Co., CPA'S. are expected to be present during the stockholders' meeting. The representatives will have the opportunity to make statements if they desire to do so and will be available to respond to appropriate questions from the security holders.
- d. During the two (2) most recent fiscal years or any subsequent interim period, the independent auditor has not resigned nor was dismissed or has declined to stand for reappointment after the completion of the current audit.
- e. The aggregate annual external audit fees billed for each of the last two (2) fiscal years for the audit of the registrant's annual financial statements or services that are normally provided by the external auditor are as follows:
- |                   |  |
|-------------------|--|
| For the year 2024 | - P 390,589.30 (billed and paid in 2024) |
| For the year 2023 | - P 406,244.00 (billed and paid in 2023) |
- f. The above audit fees are inclusive of the following: (a) audit, other assurance and related services by the External Auditor that are reasonably related to the performance of the audit or review of the Company's financial statements (P317,500.00); and (b) All Other Fees, including estimated out of pocket expenses accrued by the Company as of December 31, 2024 (P73,089.30).

The Audit Committee has the function of assessing the independence and professional qualifications of the external auditor, in compliance with the requirements under applicable law, rules and regulations; reviewing the performance of the external auditors; and recommending to the Board of Directors the appointment or discharge of external auditors as well as reviewing and approving audit related and non-audit services to be rendered by external auditors. Prior to the commencement of the audit, the Audit Committee shall discuss, review and recommend with the external auditors the nature, scope and fees of the audit, and ensure proper coordination, if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.

#### **PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS**

##### **(A) Directors, Executive Officers**

###### **(1) Directors**

There are fifteen (15) members of the Board, two (2) of whom are independent directors. The term of office of each member is one (1) year; they are elected at the annual stockholders' meeting to hold office until the next succeeding annual stockholders' meeting and until his/her successor is elected and qualified. A director who is elected to fill any vacancy holds office only for the unexpired term of his predecessor. The following are the current members of the Board of Directors:

	Name	Business and/or Professional Work Experience
1.	<p>Enriquez, Amado Manuel Jr. C. 73 years old, Filipino</p>	<p>Chairman of the Board:</p> <ul style="list-style-type: none"> <li>- ACE Medical Center Baliwag (2015-Present)</li> <li>- ACE Medical Center Pateros (2013-Present)</li> <li>- ACE Malolos Center Doctors (2015-Present)</li> <li>- ACE Medical Center Mandaluyong (2016-Present)</li> <li>- ACE Medical Center Palawan (2017-Present)</li> <li>- ACE Medical Center Tacloban (2014-Present)</li> <li>- ACE Medical Center Bohol (2014-Present)</li> <li>- ACE Medical Center Dumaguete (2014-Present)</li> <li>- ACE Medical Center General Santos (2016-Present)</li> <li>- ACE Medical Center CDO (2016-Present)</li> <li>- ACE Medical Center Butuan (2016-Present)</li> <li>- ACE Medical Center Bayawan (2015-Present)</li> <li>- ACE Medical Center Legazpi (2016-Present)</li> <li>- ACE Medical Center Dipolog (2017-Present)</li> <li>- ACE Medical Center Quezon City (2012-Present)</li> <li>- ACE Medical Center Tuguegarao (2016-Present)</li> <li>- Tagum Global Medical Center, Inc. (2018-Present)</li> </ul>
2.	<p>Enriquez, Michael Edward R. 34 years old, Filipino</p>	<p>Post Graduate Studies: 2017-Doctor of Medicine,University of Santo Tomas Faculty of Medicine and Surgery.2016-Master in Hospital Management,St.Joseph College.College Degree: 2009-BA Economics,University of Maryland,Balitmore.Secondary Education 2005-Xavier School.Medical Internship/Post -Graduate Training/Residency Training: Post Graduate Intership-UP Philippine General Hospital.Prfessional Examination Passed -2018.</p> <p>Work Experience and Clinical History /Positions Held:</p> <p>Unihealth-Paranaque Hospital and Medical Center,Sucab -President - CEO</p> <p>ACE Medical Center Baypointe -Treasurer  ACE Medical Center Valenzuela-CFO  ACE Medical Center Baliwag-Finance Head  ACE Medical Center Pateros -Treasurer  ACE Medical Center Quezon City-Treasurer  ACE Medical Center Malolos-Vice President  San Jose del Monte Muzon Medical Center-Treasurer  ACE Medical Center Cebu -Vice President  ACE Medical Center Mandaluyong-Director  ACE Medical Center Legazpi-Director  ACE Medical Center Palawan-Director  ACE Medical Center Tacloban -Director  ACE Medical Center Bohol -Director  ACE Medical Center Dumaguete-Director  ACE Medical Center Bayawan -Director  ACE Medical Center Dipolog-Director  ACE Medical Center Cagayan de Oro -Director  ACE Medical Center General Santos City-Director  ACE Medical Center Butuan-Director</p>

		<p>Tagum Global Medical Center -Director  ACE Medical Center Pangasinan-Director  ACE Medical Center Sariaya-Director  ACE Medical Center Sta.Maria -Director  ACE Medical Center Mt.Samat ,Bataan-Director  ACE Medical Center La Trinidad ,Baguio-Director  ACE Medical Center Hundred Islands -Treasurer  ACE Medical Center Santiago-Director  ACE Medical Center Balagtas -Director  ACE Medical Center La Union-Director  ACE Medical Center San Miguel -Director  ACE Medical Center Tuguegarao -Director</p>
3.	<p>Enriquez, Marilyn R.  78 years old, Filipino</p>	<p>Bachelor of Science in Dentistry: University of the East Ramon Magsaysay graduated 1970. Founder, Rosero Dentistry, Quezon Philippines. Medical Internship /Post Graduate Training /Residency Training : Master in Healthcare Administration-St.Jude College.  Director:  ACE Medical Center Tacloban- 2023-present  ACE Medical Center Baypointe- present  ACE Medical Center Quezon City- present  ACE Medical Center Valenzuela  ACE Medical Center Baliwag  ACE Medical Center Pateros, Metro Manila  ACE Medical Center Malolos  ACE Medical Center Mandaluyong  ACE Medical Center Legazpi  ACE Medical Center Palawan  ACE Medical Center Cebu  ACE Medical Center Tacloban  ACE Medical Center Bohol  ACE Medical Center Dumaguete  ACE Medical Center Bayawan  ACE Medical Center Dipolog  ACE Medical Center Cagayan De Oro  ACE Medical Center General Santos  ACE Medical Center Butuan  Tagum Global Medical Center Inc.  San Jose del Monte Muzon Medical Center  ACE Medical Center Pangasinan  ACE Medical Center Sariaya  ACE Medical Center Mt.Samat ,Bataan  ACE Medical Center La Trinidad Baguio  ACE Medical Center Hundred Islands  ACE Medical Center Santiago  ACE Medical Center Balagtas  ACE Medical Center La Union  ACE Medical Center San Miguel  Unihealth -Paranaque Hospital and Medical Center, Sucat</p>

4.	Araceli Celine ,Enriquez S. 32 years old,Filipino	Post Graduate Studies: Juris Doctor,University of Philippines College of Law ( 2021-present).Doctor of Medicine,University of Santo Tomas Faculty of Medicine and Surgery (2017).Post Graduate Internship: Makati Medical Center ( 2018).Tertiary Education: BS Psychology,Ateneo De Manila University (2013).Secondary Education:Assumption College,San Lorenzo Makati (2009). Allied Care Experts (ACE) Medical Center -Mandaluyong -Head of Legal Department ( 2022-present).Allied Care Experts (ACE) Medical Center-Baypointe -Director (2019-present).Allied Care Experts (ACE) Medical Center-Quezon City -Director ( 2021-2022).Allied Care Experts ( ACE) Medical Center -Valenzuela -Director ( 2021-2022).
5.	Apolinario,Lou Josephine M. 57 years old,Filipino	Residency Training in Pediatrics: San Pedro, Hospital, Davao City ( 1998-2001).Doctor of Medicine : Mindanao State University ,Iligan City ( 1990-1994).Bachelor of Science in Zoology -Mindanao State University ( 1985-1989).Hospital Affiliations : Medical Mission Group Hospital -Visiting Consultant ( 2001-present).Tagum Doctors Hospital - Visiting Consultant ( 2001- present). Tagum Medical City -Visiting Consultant (2023-present ).Christ the King Specialist Hospital -Visiting Consultant ( 2024-present ).Tagum Global Medical Center Inc.-Human Resource Director (present).
6.	Carlos, Fernando P. 61 years old, Filipino	President:  - ACE Medical Centar-Pateros (2011-Present) - ACE Medical Center-QC (2012-Present) - ACE Medical Center – Tacloban (2014-Present) - ACE Medical Center – Dipolog (2017-Present) - ACE Medical Center Sariaya (2019-Present)  Director:  - ACE Medical Center Pateros (2013-Present) - ACE Malolos Center Doctors (2015-Present) - ACE Medical Center Mandaluyong (2016-Present) - ACE Medical Center Palawan (2017-Present) - ACE Medical Center Tacloban (2014-Present) - ACE Medical Center Bohol (2014-Present) - ACE Medical Center Dumaguete (2014-Present) - ACE Medical Center General Santos (2016-Present) - ACE Medical Center CDO (2016-Present) - ACE Medical Center Butuan (2016-Present) - ACE Medical Center Bayawan (2015-Present) - ACE Medical Center Legazpi (2016-Present) - ACE Medical Center Dipolog (2017-Present) - ACE Medical Center Quezon City (2012-Present) - ACE Medical Center Tuguegarao (2016-Present) - Tagum Global Medical Center, Inc. (2018-Present)
7.	Carlos,Julieta B.	College Course : BS Pharmacy -Centro Escolar University.Medical School : Manila Central University (1989).Post-Graduate Internship : De

	61 years old, Filipino	Los Medical Center-(1990).Residency Training: Ospital ng Makati (1999).Masters in Hospital Administration : St.Joseph'sCollege.  Allied Care Experts ( ACE) Medical Center Peteros -Purchasing Department Head ( 2016-present).Allied Care Experts (ACE) Medical Center Quezon City-Purchasing Department (2017-present).Allied Care Experts (ACE) Medical Center Mandaluyong-Corporate Traesurer (2019-present).
8.	Dalisay, Mae T. 59 years old, Filipino	Graduated in Medicine at SWU-MHAM College of Medicine, Cebu City 1989; Finished Residency Training in Pediatrics, Davao Regional Hospital, 2000; Proprietor & General Pediatric Practitioner: Teano- Dalisay Pediatric Clinic, Tagum Doctors Hospital, Inc., Tagum City; President, Phil. Medical Association Davao Del Norte Chapter 2007-2009; Medical Director- Arriesgado General Hospital, Tagum City Davao del Norte 1991-1992; Medical Coordinator Rotary Club of Tagum North 2009-present; Rotary Club of Tagum North District 3860 President-2020-2021; Vice President- Tagum Global Medical Center. Inc. 2018 up to present; Hospital Affiliation: Tagum Doctors' Hospital, Inc.
9.	Juarez, Mariebeth P. 59 years old, Filipino	Obstetrician and Gynecologist - Fellow in High-Risk Pregnancy and OB-Gyne Ultrasound, Graduated from Manila Central University Felimon D. Tanchoco Medical Hospital 2004, Finished OB-Gyne Residency at Bicol Medical Center, Naga City (1999) Graduate of Davao Medical School Foundation, year 1989; Medical Specialist 3, Obstetrics and Gynecology Department, Davao Regional Medical Center from 2016 to present. Other Hospitals Affiliations; Medical Mission Hospitals, Bishop Regan Memorial Hospital, Tagum Doctors Hospital; Corporate Secretary, Tagum Global Medical Center, Inc. 2018 - to present; Philippine Society of Nephrology Mindanao Chapter 2002-2012; Board of Director Tagum Global Center Inc. 2018-up to present, Other Hospital affiliations: Medical Mission Hospital, Bishop Regan Memorial Hospital, Tagum Doctors hospital; Corporate Secretary -Tagum Global Medical Center, Inc. 2018 to present
10.	Llanos,Aryeel C. 56 years old,Filipino	Graduated in the College of Medicine from Davao Medical School Foundation-1994 Internal Medicine Residency Training at Davao Regional Medical Center 1997-1999 Cardio Fellowship at Philippine Heart Center 2001-2023 Training Officer, Department of Internal Medicine, Davao Regional Medical Center 2006-2009 Chairman, Department of Internal Medicine 2014-2024 Member, Training Corps, Davao Regional Medical Center.
11.	Lopez, Geanie C. 69 years old, Filipino	Current Positions: President – Unihealth Paranaque Hospital and Medical Center; Medical Director – Medical Center Muntinlupa Inc.; Vice President – Allied Care Experts (ACE) Medical Center – Cebu; Vice President – Allied Care Experts (ACE) Dumaguete Doctors; Vice President – Allied Care Experts (ACE) Medical Center – Palawan; ; Vice President – Allied Care Experts (ACE) Medical Center CDO; Corporate Secretary- Allied

		Care Experts (ACE) Medical Center Mandaluyong; Assistant Corporate Secretary – Allied Care Experts (ACE) Medical Center – Bohol.
12.	Mendoza, Maria Bernarda DJ 57 years old, Filipino	Medical Specialist 2 - Department of OBGYN DRMC 2013 up to Present; Visiting Consultant OB-GYN Department DRMC- 1999 up to 2013; OB-GYN Ultrasound DRMC 1999 — present; In clinical practice since 1999 up to present; Clinica Mendoza consultant 2000 up to present; Board of Directors Tagum Metro Health Service 2007 up to present; Board Treasurer - Tagum Metro Health Services 2018 up to present; Board of Director-Tagum Global Medical Center, Inc. 2018 up to present
13.	Nuevas, Nimfa L. 57 years old, Filipino	Chairman Dept of Ob-Gyn MMH 2000-2018; President POGS Reg 8 Chapter; Corp Treasurer POGS Reg 8 Chapter 2018; Asst Treasurer POGS Reg 8 Chapter March 2019-present; Corp Treasurer ACEMC-Tacloban 2015-present; Assistant Treasurer-Tagum Global Medical Center Inc. 2018 up to present; Member Phil Society of Climacteric Medicine Hospital Affiliations: Mother Mercy Hospital; Sta. Paul's Hospital; Remedios Trinidad Romualdez Hospital
14.	Perdido, Evelyn Ross H. 62 years old, Filipino	Proprietor & Obstetrics and Gynecology Practitioner, Perdido Obstetrics and Gynecology Clinic, Tagum Doctors Hospital, Tagum City, Davao del Norte; Graduated from Davao Medical School Foundation (1989); Finished Obstetrics and Gynecology Specialty Training at Davao Regional Medical Center (1998); Corporate Treasurer, ACE-Tagum Global Medical Center, 2018 up to present.
15	Pono, Glen A. 56 years old, Filipino	Graduate studies-University of Philippines-Manila -Master of Science in Clinical Epidemiology. University of Southeastern Philippines-Mintal Doctor of Philosophy in Development Research Administration. Philippines Medical Association -Member (2004-present). Philippines College of Physicians-Diplomate and Fellow (2002-present). Philippine College of Chest Physicians-Diplomate and Fellow (2001-present). Medical Specialist II-Davao Regional Medical Center (2017-present). Medical Specialist IV (PT). Medical Director -Tagum Global Medical Center, Inc. ( present).
16.	Quilisadio, John Elmer C. 41 years old, Filipino	Medical Specialist II Part-time (present) - Davao Regional Medical Center (DRMC); Active Consultant, Section Head of Rheumatology- DRMC Department of Internal Medicine; Chairman, Research Technical Review Committee- DRMC Department of Internal Medicine; Training Core Committee member- DRMC Department of Internal Medicine; Fellow and Diplomate, Philippine Rheumatology Association, October 5, 2017- present; Fellow and Diplomate, Philippine College of Physicians, May 2016- present; Technical Committee Head, Philippine Rheumatology Association Annual Convention 2019, SMX Davao City
17.	Samoy, Marietta T.	Administrator - MCM Muntinlupa Medical Center (2021-present); Board Member – Paranaque Doctors Hospital (2021-present); Business Office Head – Las Pinas City Medical Center (2021-

	65 years old, Filipino	present); Board Member – ACE Group of Hospitals; Medical Director - Unihealth Hospital and Medical Center (2021-present); Board Member of all ACE Group of Hospitals.
18	Valencia, Orlando A. 55 years old, Filipino	Anesthesiologist, Graduated from Iloilo Doctors college of Medicine 2000; Residency Training at Davao Regional Hospital; Masteral: Saint Joseph College of Quezon City (Undergrad); Hospital Affiliations: Tagum Doctors Hospital, Aquino Medical Specialist Hospital, Davao Del Norte District Hospital.
19.	Viernes, La Rhaine G. 57 years old, Filipino	Tagum Global Medical Center, Inc.-President (2018-Present); Board of Directors-ACE Palawan (2017-Present); Founder Director-ACE Legazpi (2016-Present); ACE Council President (2021-Present); Chairman of the Department of Pediatrics, ACE Tacloban (2019-Present); ACE Medical Centre Tacloban - Board Secretary (2015-2020); ACE Medical Centre Palawan, Board of Director (2017-Present); Council Secretary (2017-2019); MMH Hospital Tacloban City-Active Consultant (2014-Present); Department of Pediatrics, Divine Word Hospital, Consultant Staff (2001-Present); Philippine Pediatric Society- Eastern Visayas-Chapter President (2016-2018); Advisory Board-Philippine Pediatric Society, Eastern Visayas (2019-Present)  Hospital Affiliations:  ACEMC-Tacloban - Active Consultant (2019-Present); Mother of Mercy Hospital-Active consultant (2014-Present); RTR Hospital - Active Consultant (1998-Present); Divine Word Hospital - Visiting Consultant (1998-Present)

**(2) Executive Officers<sup>4</sup>**

The Company's key executive officers as of 31 December 2024 are as follows:

- |                        |                             |
|------------------------|-----------------------------|
| La Rhaine G. Viernes   | - President                 |
| Mae T. Dalisay         | - Vice-President            |
| Evelyn Ross H. Perdido | - Treasurer                 |
| Nimfa L. Nuevas        | - Asst. Treasurer           |
| Mariebeth P. Juarez    | - Corporate Secretary       |
| Marietta T. Samoy      | - Asst. Corporate Secretary |

The Officers (per the Company's By-Laws) are elected/appointed annually by the Board of Directors during its organizational meeting, each to hold office for one (1) year until the next organizational meeting of the Board in the following year or until a successor shall have been elected/appointed and shall have qualified.

***Incumbent Officers***

- |                                |  |
|--------------------------------|--|
| 1. Amado Manuel C. Enriquez    | - Chairman, see forgoing Director's Profile        |
| 2. Maria Bernarda D.J. Mendoza | - Vice-Chairman, see forgoing Director's Profile   |
| 3. La Rhaine G. Viernes        | - President, see forgoing Director's Profile       |
| 4. Mae T. Dalisay              | - Vice-President, see forgoing Director's Profile  |
| 5. Evelyn Ross H. Perdido      | - Treasurer, see forgoing Director's Profile       |
| 6. Nuevas, Nimfa L.            | - Asst. Treasurer, see forgoing Director's Profile |

- 7. Mariebeth P. Juarez - Corporate Secretary, see forgoing Director's Profile
- 8. Marietta T. Samoy - Asst. Corporate Secretary, see forgoing Director's Profile

**(3) Significant Employees**

The Company relies significantly on the continued collective efforts of its senior executive officers and expects each employee to do his share in achieving the Company's goals.

**(4) Family Relationships**

Except for Chairman, Dr. Amado Manuel C. Enriquez, Jr. who is the husband of Dr. Marilyn Enriquez, the father of Dr. Michael Edward Enriquez and Dr. Miguel Antonio Enriquez, the first cousin of Dr. Fernando P. Carlos; Dr. La Rhaine Viernes who is the wife of Dr. Earl Courtney A. Viernes; Dr. Fernando P. Carlos who is the husband of Dr. Julieta Carlos and the first cousin of Dr. Amado Manuel Enriquez; Dr. Franklin B. Guillano who is the husband of Dr. Victoria P. Guillano; Dr. Maria Bernada Mendoza who is the wife of Dr. Joel Mendoza; there are no other family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the Company to become directors, or executive officers, any security holder of certain record, beneficial owner or management.

**(5) Certain Relationships and Related Transactions**

During the last two (2) years, no director of the Company has received or become entitled to receive any benefit by reason of any contract with the Company, a related corporation, a firm of which the director is a member or a company of which a director has a substantial financial interest.

The Company, in the normal course of business, has entered into transactions with related parties principally consisting of:

A summary of the transactions and account balances with related parties are as follows:

December 31, 2024 (Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
	Advances from			Non-interest bearing; payable in cash; no scheduled repayment terms	
	Advances	₱36,583,318	36,583,318		Unsecured
Shareholders	Loans	₱29,650,000		Interest bearing; payable in cash; no scheduled repayment terms	
	Additional loan Payments	(76,000,000)	15,650,000		Unsecured
	Interest expense Payments	₱8,632,890 (10,434,479)	-	Payable in cash and on demand	Unsecured

December 31, 2023 (Audited)

Nature of Relationship	Nature of Transaction	Amount (current)	Outstanding balance	Terms	Conditions
------------------------	-----------------------	------------------	---------------------	-------	------------

		transaction)			
Shareholders	Advances from			Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Payment	₱(68,332,876)	₱ -		
	Loans			Interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Additional loan Payments	₱ 34,200,000 (2,500,000)	₱ 62,000,000		
	Interest expense Payments	₱5,036,390 (3,234,801)	₱1,801,589	Payable in cash and on demand	Unsecured

December 31, 2022 (Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Shareholders	Additional Advances	₱40,842,876	₱68,332,876	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Additional loan	₱ 43,250,000		Interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Payments	(18,050,000)	₱ 30,300,000		
	Interest expense Payments	₱782,908 (607,675)	₱175,233	Payable in cash and on demand	Unsecured
	Interest expense Payments	₱1,848,767 (2,298,192)	₱ -	Payable in cash and on demand	Unsecured

#### Development Bank of the Philippines

The Company entered into two (2) Term Loan Agreement with the Development Bank of the Philippines (DBP) with a total amount of ₱650M. The amount of loan released as at December 2024, 2023 and 2022 amount to ₱650M, ₱650M and ₱450M, respectively.

#### First Term Loan

The first term loan amounting to ₱500M is payable in twelve (12) years inclusive of a three (3) – year grace period on the principal repayment. The principal is payable in thirty-six (36) quarterly amortizations commencing at the end of the thirteenth (13th) quarter from the date of initial loan release until fully paid. The interest is based on DBP's prevailing rates on the date of loan release 5% - 6% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to partially finance the construction of a seven (7) storey, 2 Level hospital building and roof deck which is located along National Highway, Barangay Visayan Village, Tagum City, Davao Del Norte. The loan was collateralized by a Real Estate Mortgage (REM) with TCT No. 142-2018008220 registered under the name of Tagum Global Medical Center, Inc. with a carrying amount of ₱943,666,232, ₱955,267,686 and ₱742,338,657 as at December 31, 2024, 2023 and 2022. (See Note 11)

The loan agreement with the banks provides certain restrictions and requirements with respect to among others; a) maintenance of debt to equity ratio of 75:25 and 64:36 debt/equity participation mix for the project, b) not to permit the current ratio to be less than 1:1 at any time, c) not to permit the ratio of its net operating income to total debt service to be less than 1.2:1 at any time, d) incurrence of additional long-term indebtedness or guarantees and e) creation of property encumbrances. The Bank grants a one-year relief from compliance with the financial ratios. Accordingly, the provision in the loan agreement will only be imposed in the year following the Company's commencement of its commercial operations.

#### Second Term Loan

The second term loan amounting to ₱150M is payable in seven (7) years inclusive of a one (1) – year grace period on the principal repayment. The principal is payable in twenty-four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on DBP's prevailing rates on the date of loan release with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to partially finance the acquisition of various hospital machinery and equipment. The loan was collateralized by a Chattel Mortgage (CHM). The carrying value of hospital equipment used as collateral for this loan amounted to ₱80,622,012 and ₱69,359,207 as at December 31, 2024 and 2023. (Note 11)

The loan agreement with the banks provides certain restrictions and requirements with respect to among others; a) maintenance of debt to equity ratio of 75:25 and 64:36 debt/equity participation mix for the project, b) not to permit the current ratio to be less than 1:1 at any time, c) not to permit the ratio of its net operating income to total debt service to be less than 1.2:1 at any time, d) incurrence of additional long-term indebtedness or guarantees and e) creation of property encumbrances. The Bank grants a one-year relief from compliance with the financial ratios. Accordingly, the provision in the loan agreement will only be imposed in the year following the Company's commencement of its commercial operations.

In third quarter of 2023, DBP approved the Company's request for the deferment of the principal repayment of Term Loan 1. The principal repayment which was due in 2023 were added to 2024 quarterly repayment. Consequently, DBP returned the first principal repayment paid by the Company last December 2023.

#### ***(6) Involvement in Certain Legal Proceedings***

The following are parties to legal proceedings in their capacity as directors/ officers of Allied Care Experts (ACE) Medical Center-Cebu, Inc., as they were the incumbent directors when the cases were filed in 2018:

1. Geanie Cerna-Lopez
2. Amado Manuel C. Enriquez, Jr.
3. Marietta T. Samoy

1. Civil Case No. R-CEB-18-01248-CV, Branch XI, Cebu City (Complaint for Declaration of Sale in Installment as Subscription Contract, Declaration of Rights or Pre-Emption, and for Attorney's Fees) - Dax Matthew M. Quijano, Rosemarie P. Quijano, Eric Y. Cheung, Girlie Cheung, Candice Joy A. Sia vs. ACE Medical Center-Cebu, Inc., Geanie Cerna-Lopez, Velma T. Chan, Luisito R. Co, Maita Cruz, Roberto M. De Leon, Amado Manuel C. Enriquez Jr., Floram C. Limotlimot, Roland Mark M. Gigataras, Joy C. Luna, Nicolas S. Molon, Felix P. Nolasco, Generoso M. Orillaza, Ronald L. Ramiro, Marietta T. Samoy and Evangeline Y. Zozobrado

On March 7, 2018, complainants Dax Matthew M. Quijano, Rosemarie P. Quijano, Eric Y. Cheung, Girlie Cheung, Candice Joy A. Sia, through counsel filed a civil complaint against the Hospital and its Directors (as stated above) praying the Court to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise pre-emptive rights to the increase in capital approved by the Board on November 12, 2016.

The Defendants have already filed their Answer to the Complaint.

Complainant filed a Motion to Dismiss the Complaint for lack of interest of the plaintiffs to prosecute the case last August 5, 2020. A Judicial Dispute Resolution was scheduled but failed. Case is up for pre-trial conference.

The judicial dispute resolution (JDR) failed. The case was up for pre-trial conference on 20 October 2023 at 10:00 in the morning, after several postponements. During the 20 October 2023, the plaintiffs' counsel asked the Court to render a partial judgment recognizing the sale in installment as a subscription contract. We objected and requested that their request for partial judgment be put into writing so that we can make an informed comment on the matter. Plaintiffs were given 15 days to file and the same number of days was granted to us to comment on their filing. The next pre-trial is scheduled on 22 December 2023 at 10:00 in the morning. The 22 December 2023 hearing was reset to 15 March 2024 at 10:30 am. The 15 March 2024 hearing was moved to 22 April 2024 at 9:15 am since the Court needs time to evaluate the motion for partial summary judgment.

2. Civil Case No. R-CEB-18-00601-CV, Branch XI, Cebu City (Complaint for Issuance of Certificate of Stock, Declaration of Sale in Installment as Subscription Contract, Declaration of Rights or Pre-Emption, and for Attorney's Fees ) – Ferdinand P. Kionisala vs. Allied Care Experts (ACE) Medical Center-Cebu, Inc., Geanie Cerna-Lopez, Velma T. Chan, Luisito R. Co, Maita Cruz, Roberto M. De Leon, Amado Manuel C. Enriquez, Jr., Floram C. Limotlimot, Roland Mark M. Gigataras, Joy C. Luna, Nicolas S. Molon, Felix P. Nolasco, Generoso M. Orillaza, Ronald S. Ramiro, Marietta T. Samoy, and Evangeline Y. Zozobrado

On February 5, 2018, complainant Ferdinand P. Kionisala filed a civil complaint against the Hospital and its Directors (as stated above) praying the Court to direct the defendants ACE Medical Center Cebu and its President and Corporate Secretary to issue the plaintiff's Certificate of Stock and declare the sale in installment as subscription contract, to allow him to exercise pre-emptive rights to the increase in capital approved by the Board on November 12, 2016.

The Defendants (based in Cebu) have already filed their Answer to the Complaint and Dr. Kionisala has filed a Motion for Partial Summary Judgment, but the same was opposed by the defendants on May 15, 2018. The Court has not yet ruled on the plaintiff's Motion for Partial Summary Judgment of May 2, 2018. Unless the Court resolves the Motion for Summary Judgment by the plaintiff, the case will not move on.

The Defendants filed a Motion to Dismiss the case for failure of the plaintiff to prosecute for lack of interest. The case was scheduled for Pre-Trial on April 30, 2021. Pre-trial was terminated. Case is set for presentation of plaintiff's evidence.

The Court rendered on August 9, 2022 a partial summary judgement on plaintiff's prayer for issuance of certificate of stock leaving the other issues sought for trial on the merits.

Plaintiff has submitted his motion to submit case for decision based on legal issues, which was submitted to the Court on October 24, 2022. We filed our comment on November 7, 2022. We received an order dated 30 June 2023 where the Court has granted the motion to submit case for decision based on legal issues dated 18 October 2022. The Presiding Judge has granted both parties to file their respective memorandum, which shall be limited to the issue of the extent of plaintiff's preemptive right to purchase/subscribe to shares of stock in view of the defendant Corporation's increase in its capital stock, within 30 days from receipt of said order. Our Counsel filed a Motion for Reconsideration to set aside and deny Plaintiff's motion to submit case for decision based on the sole issue of whether the plaintiff is entitled to the preemptive right to subscribe to one block of share equivalent to 10 shares or only for 3 shares for utter lack of merit. The Plaintiff's Counsel opposed the Motion for Reconsideration filed by our Counsel. Awaiting decision of the Court on both Motions.

3. Special Civil Action Case No. R-CEB-18-08795-SC, Branch XI, Cebu City (For Mandamus to Issue 100% Pre-Emptive Rights, Damages and for Attorney's Fees) - Leo T. Sumatra, Sps. Stephen Paul M. Bergado and Conchita B. Bergado, Marie Davielene Beatriz Ong-Dy and Leonard Matthew Dy, et. Al vs. Allied Care Experts (ACE) Medical Center-Cebu, Inc., GeanieCerna-Lopez and Velma T. Chan

The Petitioners have filed a Special Civil Action case for Mandamus, to compel the Respondents to immediately issue their 100% pre-emptive rights. The Petitioners claim they are entitled to 10 shares based on their computation of 0.000083333 ownership multiplied by 120,000 (increase in Capital).

Respondents received the Court Order on 11 December 2018. On November 25, 2020 at 8:30AM, a Judicial Dispute Resolution was conducted by RTC Branch 12, Cebu City via video conference hearing. Both parties did not come into an agreement. The Petitioners demanded PHP 600,000.00 from the Respondents. The case was scheduled for Pre-Trial on June 11, 2021. Pre-trial was terminated. Case is set for presentation of petitioners' evidence.

Presentation of petitioners' evidence. Petitioners have so far presented two (2) witnesses.

Petitioners have submitted their motion to submit case for decision based on legal issues, which was submitted on November 7, 2022. Case has been submitted for resolution. Last February 3, 2023, the scheduled hearing pushed through, and Counsel appeared for and on behalf of ACEMCCEBU, despite the pending motion. On February 15, 2023, the Court denied the request of the Petitioners' motion to submit the case for decision based on the remaining sole legal issue. As stated in the Order, the presentation of evidence for the petitioners will push through as scheduled on 03 March 2023 at 10:45 in the morning. The hearing was cancelled upon receipt of a Constancia dated 27 February 2023 and reset to 28 April 2023 at 10:45 in the morning. During the 28 April 2023 hearing, the Court still needs to resolve the pending Motion for Reconsideration filed by the Petitioners. Without prejudice to the resolution of the pending incident, the next hearing is set at on 30 June 2023 at 10:45am for presentation of Petitioners' evidence. Considering petitioners' motion for reconsideration has yet to be resolved, the 30 June 2023 hearing was reset to 28 July 2023 at 10:45 am. Due to the pending motion for reconsideration, the 28 July 2023 hearing was reset to 25 August 2023 at 10:45am. The 25 August 2023 was rescheduled to 29 September 2023 at 10:45am. The 29 September 2023 hearing was reset to 14 December 2023 at 10:45am. The 14 December 2023 hearing was reset to 15 March 2024 at 8:30am. The 15 March 2024 was moved to 19 April 2024 at 8:30AM since the witness of the petitioner's did not show up.

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders due to disagreement with the registrant on any matter relating to the registrant's operations, policies and practices.

**(B) Compensation of Directors and Executive Officers**

**SUMMARY COMPENSATION TABLE**

(a) Name & Principal Position	(b) Year	(c) Salary	(d) Bonus	(e) Other Compensation
A. Amado Manuel C. Enriquez Jr. Chairman	2024	-0-	- 0 -	- 0 -
B. La Rhaine G. Viernes President	2024	-0-	- 0 -	- 0 -
C. Evelyn Ross H. Perdido Corporate Treasurer	2024	-0-	- 0 -	- 0 -
D. Mariebeth Juarez Corporate Secretary	2024	-0-	- 0 -	- 0 -
E. Aggregate For The Above Named CEO & Officers	2025-estimate	-0-	- 0 -	- 0 -
	2024	-0-	- 0 -	- 0 -
	2023	-0-	- 0 -	- 0 -
F. Aggregate For The Officers And Directors As A Group	2025-estimate	-0-	- 0 -	- 0 -
	2024	-0-	- 0 -	- 0 -
	2023	- 0 -	- 0 -	- 0 -

Except for per diem (P20,000.00/ board meeting) during board meetings for each director, there are no bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as director, or executive officers of the registrant will participate.

The Company has no existing options, warrants or rights to purchase any securities.

**(C) Security Ownership of Certain Record and Beneficial Owners**

(1) The persons known to the registrant to be directly or indirectly the record or beneficial owner of more than 5% of the registrant's voting securities as of 31 December 2024 are as follows:

Title of Class	Name, Address of record owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Shares Held	Percent
Common	Enriquez, Amado Manuel Jr.	Enriquez, Marilyn R-wife Enriquez, Michael Edward R.-son Enriquez, Miguel Antonio R.-son	Filipino	30,510 (Direct) 23,730 (Indirect)	26.10%

Common	Enriquez, Michael Edward R.	Enriquez, Amado Manuel Jr.- father Enriquez, Marilyn R.-mother Enriquez, Miguel Antonio R.- brother	Filipino	10,170 (Direct) 44,070 (Indirect)	26.10%
Common	Enriquez, Miguel Antonio R.	Enriquez, Amado Manuel Jr.- father Enriquez, Marilyn R.-mother Enriquez, Michael Edward R.- brother	Filipino	10,170 (Direct) 44,070 (Indirect)	26.10%
Common	Enriquez, Marilyn R.	Enriquez, Amado Manuel Jr.- husband Enriquez, Miguel Antonio R.- son Enriquez, Michael Edward R.- son	Filipino	3,390 (Direct) 50,850 (Indirect)	26.10%

(2) Security Ownership of Directors and Management as of 31 December 2024:

(1) Title of Class	(2) Name of Beneficial Owner	Position	(3) Amount and Nature of Beneficial Ownership	(4) Citizenship	(5) Percentage (%) of Class
Common	Carlos, Fernando P.	Director	3,390 (Direct) 3,390 (Indirect)	Filipino	3.26%
Common	Dalisay, Mae T.	Director/ Vice- President	6,780 (Direct)	Filipino	3.26%
Common	Enriquez, Amado Manuel Jr.	Director/ Chairman	30,510 (Direct) 23,730 (Indirect)	Filipino	26.10%
Common	Enriquez, Michael Edward	Director	10,170 (Direct) 44,070 (Indirect)	Filipino	26.10%
Common	Esparagoza, Calixto S.	Independent Director	3,390 (Direct) 3,390 (Indirect)	Filipino	3.26%
Common	Guillano, Franklin B.	Director/ Asst. Secretary	3,390 (Direct) 3,390 (Indirect)	Filipino	3.26%
Common	Juarez, Mariebeth P.	Director/ Secretary	3,390 (Direct)	Filipino	1.63%
Common	Cerna-Lopez, Geanie	Director	3,390 (Direct)	Filipino	1.63%
Common	Mendoza, Maria Bernarda DJ	Director/ Vice- Chairman	3,390 (Direct) 3,390 (Indirect)	Filipino	3.26%
Common	Nuevas, Nimfa L.	Director/ Asst. Treasurer	3,390 (Direct)	Filipino	1.63%
Common	Perdido, Evelyn Ross H.	Director/ Treasurer	3,390 (Direct)	Filipino	1.63%
Common	Quilisadio, John Elmer C.	Independent Director	3,390 (Direct)	Filipino	1.63%
Common	Samoy, Marietta T.	Director	3,390 (Direct)	Filipino	1.63%
Common	Valencia, Orlando	Independent	3,390 (Direct)	Filipino	1.63%

		Director			
Common	Viernes, La Rhaine G.	Director/ President	3,390 (Direct) 3,390 (Indirect)	Filipino	3.26%
Total for Directors			88,140 (Direct)		42.40%

<b>Executive Officers:</b>					
Common	Viernes, La Rhaine G.	President	3,390 (Direct) 3,390 (Indirect)	Filipino	3.26%
Common	Dalisay, Mae T.	Vice - President	6,780 (Direct)	Filipino	3.26%
Common	Perdido, Evelyn Ross H.	Treasurer	3,390 (Direct)	Filipino	1.63%
Common	Nuevas, Nimfa L.	Asst. Treasurer	3,390 (Direct)	Filipino	1.63%
Common	Juarez, Mariebeth P.	Secretary	3,390 (Direct)	Filipino	1.63%
Common	Guillano, Franklin B.	Asst. Secretary	3,390 (Direct) 3,390 (Indirect)	Filipino	3.26%
Total for Officers			23,730 (Direct)		11.42%
Common	Directors and Exec. Officers as a Group		88,140 (Direct)		42.40%

The following directors and management own directly or indirectly 2% or more of the outstanding capital stock of the Company:

Name	Percentage of Ownership		Total
	Direct	Indirect	
Enriquez, Amado Manuel Jr.	14.68%	11.42%	26.10%
Enriquez, Michael Edward R.	4.89%	21.20%	26.10%
Dalisay, Mae T.	3.26%		3.26%
Esparagoza, Calixto S.	1.63%	1.63%	3.26%
Guillano, Franklin B.	1.63%	1.63%	3.26%
Mendoza, Maria Bernarda DJ	1.63%	1.63%	3.26%
Viernes, La Rhaine G.	1.63%	1.63%	3.26%

- (3) There are no voting trust holders of 5% or more.
- (4) The Company is not aware of any voting trust agreement/s or similar agreement/s which may result in a change in control of the Company.
- (5) No change in control of the registrant has occurred since the beginning of its last fiscal year.

**(D) Certain Relationships and Related Transactions**

The Company's related parties include its affiliates and shareholders, the Company's key management personnel and others as described below.

A summary of the transactions and account balances with related parties are as follows:

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
Shareholders	Advances from Advances	₱36,583,318	36,583,318	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Loans	₱29,650,000		Interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Additional loan Payments	(76,000,000)	15,650,000		
	Interest expense Payments	₱8,632,890 (10,434,479)	-	Payable in cash and on demand	Unsecured

December 31, 2023 (Audited)

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
Shareholders	Advances from Payment	₱(68,332,876)	₱ -	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Loans			Interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Additional loan Payments	₱ 34,200,000 (2,500,000)	₱ 62,000,000		
	Interest expense Payments	₱5,036,390 (3,234,801)	₱1,801,589	Payable in cash and on demand	Unsecured

December 31, 2022 (Audited)

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
Shareholders	Additional Advances	₱40,842,876	₱68,332,876	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Additional loan	₱ 43,250,000		Interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Payments	(18,050,000)	₱ 30,300,000		
	Interest expense	₱782,908	₱175,233	Payable in cash and on demand	Unsecured

### Development Bank of the Philippines

The Company entered into two (2) Term Loan Agreement with the Development Bank of the Philippines (DBP) with a total amount of ₱650M. The amount of loan released as at December 2024, 2023 and 2022 amount to ₱650M, ₱650M and ₱450M, respectively.

#### First Term Loan

The first term loan amounting to ₱500M is payable in twelve (12) years inclusive of a three (3) – year grace period on the principal repayment. The principal is payable in thirty-six (36) quarterly amortizations commencing at the end of the thirteenth (13th) quarter from the date of initial loan release until fully paid. The interest is based on DBP's prevailing rates on the date of loan release 5% - 6% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to partially finance the construction of a seven (7) storey, 2 Level hospital building and roof deck which is located along National Highway, Barangay Visayan Village, Tagum City, Davao Del Norte. The loan was collateralized by a Real Estate Mortgage (REM) with TCT No. 142-2018008220 registered under the name of Tagum Global Medical Center, Inc. with a carrying amount of ₱943,666,232, ₱955,267,686 and ₱742,338,657 as at December 31, 2024, 2023 and 2022. (See Note 11)

The loan agreement with the banks provides certain restrictions and requirements with respect to among others; a) maintenance of debt to equity ratio of 75:25 and 64:36 debt/equity participation mix for the project, b) not to permit the current ratio to be less than 1:1 at any time, c) not to permit the ratio of its net operating income to total debt service to be less than 1.2:1 at any time, d) incurrence of additional long-term indebtedness or guarantees and e) creation of property encumbrances. The Bank grants a one-year relief from compliance with the financial ratios. Accordingly, the provision in the loan agreement will only be imposed in the year following the Company's commencement of its commercial operations.

#### Second Term Loan

The second term loan amounting to ₱150M is payable in seven (7) years inclusive of a one (1) – year grace period on the principal repayment. The principal is payable in twenty-four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on DBP's prevailing rates on the date of loan release with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to partially finance the acquisition of various hospital machinery and equipment. The loan was collateralized by a Chattel Mortgage (CHM). The carrying value of hospital equipment used as collateral for this loan amounted to ₱80,622,012 and ₱69,359,207 as at December 31, 2024 and 2023. (Note 11)

The loan agreement with the banks provides certain restrictions and requirements with respect to among others; a) maintenance of debt to equity ratio of 75:25 and 64:36 debt/equity participation mix for the project, b) not to permit the current ratio to be less than 1:1 at any time, c) not to permit the ratio of its net operating income to total debt service to be less than 1.2:1 at any time, d) incurrence of additional long-term indebtedness or guarantees and e) creation of property encumbrances. The Bank grants a one-year relief from compliance with the financial ratios. Accordingly, the provision in the loan agreement will only be imposed in the year following the Company's commencement of its commercial operations.

In third quarter of 2023, DBP approved the Company's request for the deferment of the principal repayment of Term Loan 1. The principal repayment which was due in 2023 were added to 2024 quarterly repayment. Consequently, DBP returned the first principal repayment paid by the Company last December 2023.

#### **PART V – CORPORATE GOVERNANCE**

The Company adheres to the principles of good governance as provided in its Manual on Corporate Governance (MCG). The directors, officers and employees perform their duties and responsibilities in accordance with the mission and vision of the Company and the corporate practices pursuant to its Manual on Corporate Governance. The Board committees, including the Nominations and Audit committees, have complied with their duties and responsibilities under the MCG. There were no major deviations from the adopted Manual on Corporate Governance.

The Company, in pursuit of its mission and vision, likewise implemented the following programs/activities:

The directors and officers of the Corporation have attended a Corporate Governance Seminar on January 27, 2023.

The Independent directors have submitted their Certificates of Qualification as required by the SEC vis-à-vis Section 38 of the Securities Regulation Code.

#### **PART VI - EXHIBITS AND SCHEDULES**

(a) Exhibit

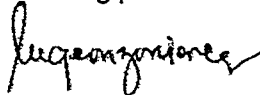
\* 2024 Audited Financial Statements

(b) Reports on SEC Form 17-C

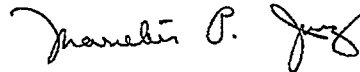
None.

#### **SIGNATURES**

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporate Code of the Philippines, this amended annual report has been signed on behalf of the issuer, by the following persons in the capacities and on the dates indicated.



**LA RHAINÉ G. VIERNES**  
President



**MARIEBETH P. JUAREZ**  
Corporate Secretary



**EVELYN ROSS H. PERDIDO**  
Treasurer

NOTE: There is no "Comptroller" position in the existing organizational structure of Tagum Global Medical Center Inc.

**SUBSCRIBED AND SWORN** to before me this 28<sup>th</sup> day of April 2025, in Tagum City, affiants exhibited to me their Tax Identification Number (TIN), as follows:

AFFIANTS	TIN Nos.
Mariebeth P. Juarez	163-371-436
Evelyn Ross H. Perdido	124-981-284
La Rhaine G. Viernes	186-891-699

Doc. No. 198

Page No. 41

Book No. 14

Series of 2020

  
**ATTY. GLENDY MARIE B. CAGAY**

Notary Public, Tagum City  
Until December 31, 2025  
Roll of Attorneys No. 78522  
PTR No. 2657959 (11-13-2023)  
IBP No. 368066 (11-15-2023)  
Notarial Commission No. 965



TGMCI Accounting Department <tginci.acctng2023@gmail.com>

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## Your BIR AFS eSubmission uploads were received

1 message

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eafs@bir.gov.ph <eafs@bir.gov.ph>  
To: TGMCI.ACCTNG2023@gmail.com  
Cc: TGMCI.ACCTNG2023@gmail.com

Fri, Apr 25, 2025 at 10:04 PM

Hi TAGUM GLOBAL MEDICAL CENTER INC.,

### Valid files

- EAFS009994282AFSTY122024.pdf
- EAFS009994282ITRTY122024.pdf
- EAFS009994282OTHTY122024.pdf

### Invalid file

- <None>

Transaction Code: **AFS-0-9L86CC9H02MNVYRZMYNN13410PRWZ4YMW**  
Submission Date/Time: **Apr 25, 2025 10:04 PM**  
Company TIN: **009-994-282**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

**TAGUM GLOBAL MEDICAL CENTER, INC.**

**FINANCIAL STATEMENTS**  
December 31, 2024, 2023 and 2022

and

Report of Independent Auditors



# TAGUM GLOBAL MEDICAL CENTER, INC.

A Member of Allied Care Experts Group of Hospitals  
Room 227 2/F Gabriel Bldg., Apokon Road & National Highway, Apokon, Tagum City

VATReg. TIN:009-994-282

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of TAGUM GLOBAL MEDICAL CENTER, INC. (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

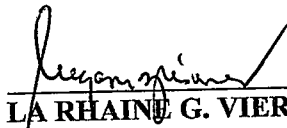
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the shareholders.

PEREZ, SESE, VILLA & CO., the independent auditor appointed by the shareholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

AMADO MANUEL C. ENRIQUEZ JR.

Chairman of the Board

  
LA RHAINÉ G. VIERNES  
President

  
EVELYN ROSS H. PERDIDO  
Treasurer

Signed this 22<sup>nd</sup> day of April-2025.

SUBSCRIBED AND SWORN to before me, a Notary Public for and in the  
Tagum City, Davao del Norte, Philippines, this 25 APR, 2025, affiants who are personally known to me and  
whose identity I have confirmed through their competent evidence of identity bearing the affiants  
photograph and signature.

NAMES

COMPETENT EVIDENCE OF  
IDENTITY

DATE AND PLACE  
ISSUED

Doc. No. 9  
Page No. 3  
Book no. 12  
Series of 2025



**ATTY. DOROTHY DEA T. BOLOFER**

Notary Public for Tagum City  
Until December 31, 2025  
Attorney's Roll No. 78983 / TIN: 755-590-166  
IBP No. 482915 / 12-1-2024 / Pasig  
PTR No. 3732549 / 01-02-2025 / Tagum  
MCLE No.: VIII - 0002360 / 04-10-2024



**PEREZ, SESE, VILLA & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

✉ admin@psv-co.com

☎ (02) 8 994-3984

📍 9<sup>th</sup> Flr. Unit C MARC 2000 Tower  
1973 Taft Ave. cor. San Andres St.  
Malate, Manila 1004


**SUPPLEMENTAL STATEMENT  
OF INDEPENDENT AUDITORS**

**To the Board of Directors and Shareholders  
TAGUM GLOBAL MEDICAL CENTER, INC.**  
Room 227 2<sup>nd</sup> Flr. Gabriel Building, Cor. Apokon &  
National Highway, Tagum City, Davao del Norte

We have audited the financial statements of **TAGUM GLOBAL MEDICAL CENTER, INC.** (the Company) for the year ended December 31, 2024, on which we have rendered the attached report dated April 22, 2025.

In compliance with the revised Securities Registration Code Rule No. 68, we are stating that the Company has fifty-one (51) shareholders owning one hundred (100) or more shares of the Company's capital stock as of December 31, 2024, as disclosed in Note 19 the financial statements.

**PEREZ, SESE, VILLA & CO.**

BY:   
**MA. ALMA C. SESE**  
MANAGING PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

PTR No. 2093955, Issued on January 6, 2025, Manila City

SEC Accreditation No:

Partner – 54588-SEC Group B, issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

Firm – 0222-SEC, Group B, Issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

BIR Accreditation No. 06-002735-001-2024, issued on April 12, 2024,

valid for three (3) years until April 11, 2027

IC Accreditation No.

Partner -54588-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

Firm -0222-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

BOA/PRC Cert. of Reg. No. 0222, issued on October 13, 2023 valid until October 12, 2026

Manila, Philippines  
April 22, 2025




## REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

**To the Board of Directors and Shareholders**  
**TAGUM GLOBAL MEDICAL CENTER, INC.**  
Room 227 2<sup>nd</sup> Flr. Gabriel Building, Cor. Apokon &  
National Highway, Tagum City, Davao del Norte

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **TAGUM GLOBAL MEDICAL CENTER, INC.** (the Company), for the year ended December 31, 2024 and have issued our report thereon dated April 22, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of Financial Soundness Indicators, Reconciliation of Retained Earnings Available for Dividend Declaration, and Supplementary Schedules required by Annex 68-J, are the responsibility of the Company's management. This supplementary schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule No. 68, and is not part of the basic financial statements. This supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

**PEREZ, SESE, VILLA & CO.**

BY:   
**MA. ALMA C. SESE**  
MANAGING PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

PTR No. 2093955, Issued on January 6, 2025, Manila City

SEC Accreditation No:

Partner – 54588-SEC Group B, issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

Firm – 0222-SEC, Group B, Issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

BIR Accreditation No. 06-002735-001-2024, issued on April 11, 2024,

valid for three (3) years until April 12, 2027

IC Accreditation No.

Partner -54588-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

Firm -0222-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

BOA/PRC Cert. of Reg. No. 0222, issued on October 13, 2023 valid until October 12, 2026

Manila, Philippines  
April 22, 2025



## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders  
**TAGUM GLOBAL MEDICAL CENTER, INC.**  
Room 227 2<sup>nd</sup> Flr. Gabriel Building, Cor. Apokon &  
National Highway, Tagum City, Davao del Norte

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of **TAGUM GLOBAL MEDICAL CENTER, INC.** (the Company), which comprise the statements of financial position as at December 31, 2024, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### *Basis for Opinion*

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

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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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


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

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

## Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue as disclosed in Note 31 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**PEREZ, SESE, VILLA & CO.**

BY:   
MA. ALMA C. SESE  
MANAGING PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

PTR No. 2093955, Issued on January 6, 2025, Manila City

SEC Accreditation No:

Partner – 54588-SEC Group B, issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

Firm – 0222-SEC, Group B, Issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

BIR Accreditation No. 06-002735-001-2024, issued on April 12, 2024,

valid for three (3) years until April 12, 2027

IC Accreditation No.

Partner -54588-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

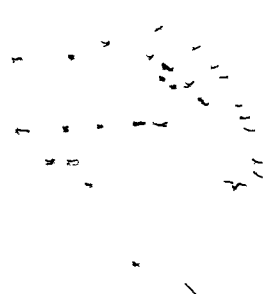
Firm -0222-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

BOA/PRC Cert. of Reg. No. 0222, issued on October 13, 2023 valid until October 12, 2026

Manila, Philippines

April 22, 2025



**TAGUM GLOBAL MEDICAL CENTER, INC.**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2024, 2023 and 2022

	<i>Notes</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>				
<b>Current Assets</b>				
Cash	4,5,6	₱ 7,916,354	₱ 64,287,204	₱ 8,353,411
Trade and other receivables	4,5,7	62,404,351	119,015	-
Inventories	4,8	19,701,018	1,626,820	-
Prepayments and other current assets	4,5,9	4,274,019	335,325	211,818
<b>Total Current Assets</b>		<u>94,295,742</u>	<u>66,368,364</u>	<u>8,565,229</u>
<b>Non-current Assets</b>				
Advances to contractors and suppliers	4,5,10	15,200,701	18,031,152	23,272,650
Property and equipment - net	4,5,11	1,038,894,124	1,038,855,991	742,568,722
Intangible asset, net	4,5,12	1,016,667	-	-
Financial Asset at FVOCI	4,5,13	4,500	3,850	3,250
Refundable deposit	4,5,14	2,653,611	2,443,611	-
Deferred tax asset	4,5,26	19,818,712	8,794,645	1,109,169
<b>Total Non-Current Assets</b>		<u>1,077,588,315</u>	<u>1,068,129,249</u>	<u>766,953,791</u>
<b>TOTAL ASSETS</b>		<u>₱ 1,171,884,057</u>	<u>₱ 1,134,497,613</u>	<u>₱ 775,519,020</u>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current Liabilities</b>				
Payables	4,15	₱ 114,641,025	₱ 119,778,297	₱ 42,788,450
Advances from shareholders	4,25	36,583,318	-	68,332,876
Loans payable	4,17	110,650,000	112,000,000	52,800,000
Income tax payable	4,5,26	-	-	-
Other current liabilities	4,16	1,691,884	541,631	366,527
<b>Total Current Liabilities</b>		<u>263,566,227</u>	<u>232,319,928</u>	<u>164,287,853</u>
<b>Non-Current Liabilities</b>				
Loans payable	4,17	540,800,000	600,000,000	427,500,000
<b>Total Liabilities</b>		<u>804,366,227</u>	<u>832,319,928</u>	<u>591,787,853</u>
<b>Equity</b>				
Share capital	4,19	216,910,000	142,120,000	135,860,000
Share premium	4,19	220,616,750	188,348,580	62,808,580
Deposit for future stock subscription	4,18	10,000,000	10,000,000	-
Accumulated deficit	4,	(80,008,920)	(38,290,895)	(14,937,413)
<b>Equity, net</b>		<u>367,517,830</u>	<u>302,177,685</u>	<u>183,731,167</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>₱ 1,171,884,057</u>	<u>₱ 1,134,497,613</u>	<u>₱ 775,519,020</u>

(See accompanying Notes to Financial Statements)

**TAGUM GLOBAL MEDICAL CENTER, INC.**

**STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

For The Years Ended December 31, 2024, 2023 and 2022

	<i>Notes</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>REVENUE, net</b>	4,20	P 183,033,578	P 735,623	P -
<b>COST OF SALES AND SERVICES</b>	4,21	<u>(144,369,785)</u>	<u>(2,776,774)</u>	<u>-</u>
<b>GROSS INCOME (LOSS)</b>		38,663,793	(2,041,151)	-
<b>OPERATING EXPENSES</b>	4,22	(38,503,333)	(26,155,555)	(2,441,029)
<b>OTHER INCOME</b>	4,23	3,600,561	412,894	9,532
<b>FINANCE COST</b>	4,17	<u>(56,503,113)</u>	<u>(3,255,146)</u>	<u>-</u>
<b>LOSS BEFORE INCOME TAX</b>		(52,742,092)	(31,038,958)	(2,431,497)
<b>INCOME TAX BENEFITS</b>	4,26			
Current		-	-	-
Deferred		<u>11,024,067</u>	<u>7,685,476</u>	<u>570,598</u>
<b>LOSS FOR THE PERIOD</b>		(41,718,025)	(23,353,482)	(1,860,899)
<b>COMPREHENSIVE INCOME (LOSS)</b>		<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSSES FOR THE PERIOD</b>		<u>P (41,718,025)</u>	<u>P (23,353,482)</u>	<u>P (1,860,899)</u>

*(See accompanying Notes to Financial Statements)*

# TAGUM GLOBAL MEDICAL CENTER, INC.

## STATEMENTS OF CHANGES IN EQUITY For The Years Ended December 31, 2024, 2023 and 2022

	<i>Notes</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>SHARE CAPITAL</b>	<i>4,19</i>			
Balance, beginning of the period		₱ 142,120,000	₱ 135,860,000	₱ 110,975,358
Issuance		<u>74,790,000</u>	<u>6,260,000</u>	<u>24,884,642</u>
Balance, end of the period		<u>216,910,000</u>	<u>142,120,000</u>	<u>135,860,000</u>
<b>SHARE PREMIUM</b>	<i>4,19</i>			
Balance, beginning of the period		₱ 188,348,580	₱ 62,808,580	₱ -
Additions		<u>32,268,170</u>	<u>125,540,000</u>	<u>62,808,580</u>
Balance, end of the period		<u>220,616,750</u>	<u>188,348,580</u>	<u>62,808,580</u>
<b>DEPOSIT FOR FUTURE STOCK SUBSCRIPTION</b>	<i>4,18</i>			
Balance, beginning of the period		₱ 10,000,000	₱ -	₱ -
Additions		<u>-</u>	<u>10,000,000</u>	<u>-</u>
Balance, end of the period		<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>
<b>ACCUMULATED DEFICITS</b>	<i>4</i>			
Balance, beginning of the period		(38,290,895)	(14,937,413)	(13,076,514)
Total comprehensive loss for the period		<u>(41,718,025)</u>	<u>(23,353,482)</u>	<u>(1,860,899)</u>
Balance, end of the period		<u>(80,008,920)</u>	<u>(38,290,895)</u>	<u>(14,937,413)</u>
<b>EQUITY, net</b>		<u>₱ 367,517,830</u>	<u>₱ 302,177,685</u>	<u>₱ 183,731,167</u>

*(See accompanying Notes to Financial Statements)*

**TAGUM GLOBAL MEDICAL CENTER, INC.**

**STATEMENTS OF CASH FLOWS**  
For The Years Ended December 31, 2024, 2023 and 2022

	<i>Notes</i>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before income tax		P (52,742,092)	P (31,038,958)	P (2,431,497)
<b>Adjustment to reconcile net loss to</b>				
<b>net cash provided by operating activities:</b>				
Interest income	4,23	(6,795)	(31,748)	(8,882)
Rebates income	4,13	(650)	(600)	(650)
Depreciation and amortization	4,11,12	<u>27,226,354</u>	<u>1,022,154</u>	<u>52,734</u>
<b>Operating loss before changes in working capital</b>		<b>(25,523,183)</b>	<b>(30,049,152)</b>	<b>(2,388,295)</b>
<b>Changes in operating assets and liabilities:</b>				
Decrease (increase) in:				
Trade and other receivables	4,5,7	(62,285,336)	(119,015)	47,250
Inventories	4,8	(18,074,198)	(1,626,820)	-
Prepayments and other current assets	4,5,9	(3,732,335)	(123,507)	444,516
Increase (decrease) in:				
Payables	4,15	(5,137,272)	76,989,847	(10,862,367)
Other current liabilities	4,16	<u>1,150,253</u>	<u>175,104</u>	<u>192,025</u>
<b>Cash (used in) generated from operation</b>		<b>(113,602,071)</b>	<b>45,246,457</b>	<b>(12,566,871)</b>
Income tax paid	4,26	(206,360)	-	-
Interest received	4,23	6,795	31,748	8,882
<b>Net cash (used in) provided by operating activities</b>		<b>(113,801,636)</b>	<b>45,278,205</b>	<b>(12,557,989)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of Financial asset at FVOCI	4,5,13	-	-	-
Payment of refundable deposit	4,5,14	(210,000)	(2,443,611)	-
Advances to contractors	4,5,10	2,830,451	5,241,498	(5,382,687)
Acquisition of intangible asset	4,12	(250,000)	-	-
Acquisition of property and equipment	4,5,11	<u>(28,031,153)</u>	<u>(297,309,423)</u>	<u>(262,423,618)</u>
<b>Net cash used in investing activities</b>		<b>(25,660,702)</b>	<b>(294,511,536)</b>	<b>(267,806,305)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of shares	4,19	107,058,170	131,800,000	87,693,222
Deposit for future stock subscription	4,19	-	10,000,000	-
Advances from shareholders	4,25	36,583,318	(68,332,876)	40,842,876
Proceeds from loan	4,17	29,650,000	234,200,000	168,250,000
Payments of loan	4,17	<u>(90,200,000)</u>	<u>(2,500,000)</u>	<u>(18,050,000)</u>
<b>Net cash provided by financing activities</b>		<b>83,091,488</b>	<b>305,167,124</b>	<b>278,736,098</b>
<b>NET (DECREASE) INCREASE IN CASH</b>		<b>(56,370,850)</b>	<b>55,933,793</b>	<b>(1,628,196)</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>		<b>64,287,204</b>	<b>8,353,411</b>	<b>9,981,607</b>
<b>CASH AT THE END OF THE YEAR</b>		<b>P 7,916,354</b>	<b>P 64,287,204</b>	<b>P 8,353,411</b>

(See accompanying Notes to Financial Statements)

**TAGUM GLOBAL MEDICAL CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024, 2023 and 2022**

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**NOTE 1 - GENERAL INFORMATION**

**TAGUM GLOBAL MEDICAL CENTER, INC.** (the Company) is a stock corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on April 25, 2018 under Registration No. CS201806242.

The Company's primary purpose is to establish, maintain, operate, own and manage hospitals, medical and related healthcare facilities and businesses such as but without restriction to clinical laboratories, diagnostic centers, ambulatory clinic, condo-hospital, scientific research institutions and other allied undertakings and services which shall provide medical, surgical, nursing, therapeutic, paramedic or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified and licenses physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

On March 10, 2022, the Securities and Exchange Commission approved through SEC MSRD Order No. 12 Series of 2022, the Company's "Permit to Offer Securities for Sale" covering the sale of 36,000 common shares of Tagum Global Medical Center Inc. equivalent to 3,600 blocks (consisting of 10 shares per block) at an offer price ranging from ₱200,000 per block up to a maximum offer price of ₱400,000 per block with an aggregate principal amount of One Billion Pesos (₱1,000,000,000).

The registered office of the Company is at Room 227 2<sup>nd</sup> Floor, Gabriel Building, Corner Apokon & National Highway, Tagum City, Davao Del Norte. The place of operation where the Hospital Building was constructed is located at Brgy. Visayan Village, City of Tagum, Davao Del Norte.

***Status of Operation***

The Company launched its full opening and commercial operations on December 18, 2023.

***Approval of the Financial Statements***

The financial statements of the Company as of and for the year ended December 31, 2024 including its comparative figure for the year ended December 31, 2023 and 2022 were approved and authorized for issue by the Board of Directors on April 22, 2025. The Board of Directors is empowered to make revisions even after the date of issue.

**NOTE 2 - BASIS OF PRESENTATION**

***Statement of Compliance***

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

***Basis of Preparation and Measurement***

The Company has prepared the financial statements as at and for the year ended December 31, 2024 and 2023 on a going concern basis, which assumes continuity of current business activities and the realization of assets and settlements of liabilities in the ordinary course of business.

The financial statements are presented in Philippine Peso (₱) the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest peso, except when otherwise indicated.

The financial statements of the Company have been prepared on a historical cost basis, except for financial asset carried at fair value through profit or loss and financial asset at fair value through other comprehensive income. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

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

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

When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified valuers) using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Further information about assumptions made in measuring fair values is included in the following:

- Note 5 - Significant Judgments, Accounting Estimates and Assumptions
- Note 29 - Fair Value Measurement

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

### NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS Accounting Standards which the Company adopted effective for annual periods beginning on or after January 1, 2024.

- *Amendments to PAS 1, Presentation of Financial Statements – Non-current liabilities with covenants.*

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities, and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

- *Amendments to PAS 7, Statements of Cash Flows and PFRS 7, Financial instruments: Disclosures – Supplier Finance Arrangements*

The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to a concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- a. The terms and conditions of the arrangements
- b. The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- c. The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- d. Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- e. Liquidity risk information.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after January 2024. Earlier application is permitted.

- ***Amendments to PFRS 16, Lease liability in a Sale and Leaseback***

The amendments to PFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in PFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in PFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying PFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with PAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied PFRS 16.

**New and Amended Standards Issued but not yet Effective or Adopted**

Pronouncements issued but not yet effective are listed below. The Company intends to apply the following pronouncement when they become effective. Adoption of these pronouncements is not expected to have a material impact on the Company's financial statements.

***Effective beginning on or after January 1, 2025***

- ***PFRS 17. Insurance Contracts***

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type

of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

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

- A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts
- On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted, and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information. Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

#### ***Effective beginning on or after January 1, 2026***

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to identify financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.

Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments. Based on management assessment, this is not expected to have any material impact on the financial statements of the Company.

- Annual Improvements to PFRS Accounting Standards-Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*

The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

a) Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

b) Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'. Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

*Effective beginning on or after January 1, 2027*

- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities. Based on

management assessment, this is not expected to have material impact on the financial statements of the Company.

#### *Deferred effectivity*

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016, of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. ". Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

#### **NOTE 4 - MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies that have been used in the preparation of these financial statements are summarized below. These accounting policies information are considered material because of its amounts, nature and related amounts. These are material in understanding material information in the financial statement. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Financial Instruments**

***Date of recognition.*** The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

***Initial Recognition and Measurement.*** Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVTPL, includes transaction costs.

***"Day 1" Difference.*** Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss.

In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

##### ***Classification***

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVTPL, (b) financial assets at amortized cost and (c) financial assets at fair

value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either (a) financial liabilities at FVTPL or (b) financial liabilities at amortized cost. The classification of a financial instruments largely depends on the Company's business model and its contractual cash flow characteristics.

***Financial Assets at Amortized Cost***

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As at December 31, 2024, 2023 and 2022, the Company's cash, trade and other receivables and refundable deposit are classified under this category. (Note 6, 7 and 14)

Cash in banks are demand deposits with banks and earn interest at prevailing bank deposit rates. Meanwhile, cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value and which have a maturity of three (3) months or less at acquisition.

***Financial Assets at FVOCI.***

For debt instruments that meet the contractual cash flow characteristic and are not designated at FVTPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI as long as these are not held for trading purposes.

After initial recognition, financial assets at FVOCI are presented in the financial statements at fair value with changes in fair value are recognized in Other Comprehensive Income (OCI).

Interest income on debt instruments is calculated using the effective interest method while credit losses on debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established. Cumulative changes in fair value of FVOCI equity instruments are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2024, 2023 and 2022, the Company's financial assets carried at FVOCI is presented in Note 13.

#### ***Financial Liabilities at Amortized Cost***

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

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

As at December 31, 2024, 2023 and 2022, the Company's payables, loans payable and advances from shareholders are classified under this category (see Notes 15, 17 and 25).

#### **Reclassification**

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

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

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

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI shall be recognized in profit or loss.

For a financial asset reclassified out of the financial assets at FVTPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVTPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

#### **Impairment of Financial Assets**

The Company records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

### **Derecognition of Financial Assets and Liabilities**

#### ***Financial Assets***

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

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

#### ***Financial Liabilities***

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

#### **Offsetting of Financial Assets and Liabilities**

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

#### **Classification of Financial Instrument between Liability and Equity**

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

#### **Inventories**

Inventories consists of Medicines, hospital supplies and Janitorial supplies. These are initially measured at cost. Costs of inventory include purchase price and all incidental cost necessary to bring the inventory to its saleable condition. Subsequently, inventories are reported in the statement of financial position at the lower of cost and net realizable value. Cost is calculated using the first-in, first-out method.

Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, the Company provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Provision for inventory losses is established for slow moving, obsolete, defective and damaged inventories based on physical inspection and management evaluation.

Write-offs represent the release of previously recorded provision from the allowance account and credited to the related inventory account following the disposal of the inventories. Destruction of the obsolete and damaged inventories is made in the presence of regulatory agencies.

At each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its net realizable value. If an item of inventory is impaired, its

carrying amount is reduced to net realizable value, and an impairment loss is recognized immediately in profit and loss. Any reversal of impairment is recognized also in profit or loss.

Reversals of previously recorded impairment provisions are credited in the statements of comprehensive income based on the result of Management's current assessment, considering available facts and circumstances, including but not limited to net realizable value at the time of disposal.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

#### **Prepayments and Other Current Assets**

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments are recognized when paid and stated at cost less any utilized portion. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in the statements of comprehensive income when incurred.

Other current assets include input value-added tax (VAT). Input VAT is stated at any costless impairment in value. Input VAT is the indirect tax paid by the Company on the local purchase of goods or services from a VAT-registered person. Input VAT is deducted from the output VAT in arriving at the VAT due and payable. When the output tax exceeds the input tax, the difference is recognized as a current liability in the statements of financial position. When the input tax exceeds the output tax, the excess is carried over to the next reporting period and is recognized as an asset presented as Input VAT in the statements of financial position. Allowance for unrecoverable input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portion of the claims

Prepayments and other current assets that are expected to be realized for not more than 12 months after the end of the reporting period are classified as current assets; otherwise, these are classified as other noncurrent assets.

At each reporting date, prepayments and other current assets are assessed for impairment. If impaired, the carrying amount is reduced to its carrying amount; the impairment loss is recognized immediately in statements of comprehensive income

Prepayments and other current assets are derecognized when they have no future benefit is expected from it. Any gain or loss on derecognition of prepayment and other assets is recognized in the statements of comprehensive income in the year in which it arises.

#### **Prepaid Income Taxes**

Prepaid income tax from Creditable Withholding Taxes (CWTs) CWTs represent amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within twelve months, are classified as current assets. Otherwise, it is presented as noncurrent assets.

#### **Advances to Contractors and Suppliers**

Advances to contractors and suppliers represents advance payment made to contractors for the construction of hospital building and acquisition of equipment and hospital information system. This is initially measured at cost and subsequently liquidated on a pro-rate basis from the contractor's periodic progress billings and suppliers final billing.

### **Property and Equipment**

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

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

Properties in the course of construction are carried at cost, less any recognized impairment loss. Cost includes property development and construction costs and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use. Any impairment loss from the construction project is charged to operations during the period in which the loss is determined.

Land is not depreciated. If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

### **Intangible Assets**

Intangible asset represents hospital information system. This is initially measured at cost and is presented in the statement of financial position at cost less accumulated amortization and any accumulated impairment losses. Computer software is amortized over its estimated useful life of five years using the straight-line method. If there is an indication that there has been a significant change in the useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

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

### **Impairment of Non- Financial Assets**

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

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

Any impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its net recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets of the Company. Impairment losses are recognized in profit or loss in the period incurred.

The net recoverable amount of an asset is the greater of its value in use or its fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

#### **Loans Payable**

Loans payable represents borrowed funds from various financial institutions.

Loans payable is classified as current liability unless the Company has an unconditional right to defer settlement of the liability beyond 12 months from the reporting date.

#### **Trade and Other Payables**

Payables are recognized when the Company becomes a party to the contractual provision that gives rise to the receivable of another entity. Payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. They are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the suppliers

Accrued expenses represent expenses incurred for the period, but not yet paid as at reporting date

#### **Contract liabilities**

A contract liability is recognized if a payment is received, or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognized as revenue when the Company performs under the contract (ie, transfers control of the related goods or services to the customer).

#### **Other Current Liabilities**

Other current liabilities include government taxes payable and statutory payables. These are presented in the statement of financial position at undiscounted amounts.

#### **Deposit for Future Stock Subscription**

Deposit for future stock subscription represents advance payment made by shareholders and prospective shareholders for future stock subscription.

This shall be presented under equity as separate account from Outstanding Capital Stock if and only if, all the following are present as of end of reporting period:

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

Otherwise, the amount of deposit for future stock subscription is presented under liability.

## **Equity**

### ***Share Capital***

Share capital is measured at par value for all shares issued. Proceeds and/or fair value of considerations received more than par value are recognized as capital more than par value.

Capital stock represents the par value of shares that were issued at the end of the reporting period.

### ***Share Premium***

Share premium includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from Share premium, net of any related income tax benefits. It represents any contribution of stockholders over the par value of the shares

### ***Accumulated Deficits***

Accumulated deficits represent accumulated losses incurred by the Company. It includes effect of changes in accounting policy as may be required by the standard's transitional provisions and effect of correction of prior period errors.

## **Revenue**

### ***Revenue recognition***

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured by reference to the fair value of consideration received or receivable excluding discounts, returns and sales taxes. Revenue is recognized either at a point in time or over a period of time.

### ***Hospital revenue***

Revenue from primary healthcare services is recognized over a period of time because the customer simultaneously consumes the benefit as the performance obligation is satisfied.

Any consideration received that are payable to third parties are accounted as a reduction of the transaction price / hospital revenues. This includes professional fees of doctors received from patients in behalf of the doctors and are subsequently reimbursed to doctors.

### ***Sale of drugs and medicines***

Revenue from sale of drugs and medicines is recognized at the point in time when control over the goods is transferred to the customer, generally upon delivery of the goods at the customer's location.

**Interest income**

Interest income represents interest income on bank deposits. Interest income is recognized in profit and loss as it accrues, using the effective interest method.

**Expenses**

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

**General and Administrative Expenses**

General & administrative expenses represent expenses such as director's allowance, insurance, salaries and wages, representation, bank charges, taxes and licenses, fines and penalties, depreciation, SSS, PHIC, HDMF, transportation and travel, office supplies, communication, light and water, professional fee, repairs and maintenance, advertising & promotions, trainings and seminars, rental and other expenses attributable to administrative and other business activities of the Company.

**Borrowing costs**

Borrowing costs include interest and other charges related to borrowing arrangements. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**Income Tax**

Income tax expense includes current tax expense and deferred tax expense.

*Current Tax.* Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

*Deferred Tax.* Deferred tax is provided using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforwards of

at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

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

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

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

### **Employee Benefits**

#### ***Short-term benefits***

Short-term benefits given by the Company to its employees include salaries and wages, compensated absences, 13th month pay, employer share contributions and other de minimis benefits, among others.

These are recognized as expense in the period the employees render services to the Company.

#### ***Retirement Benefits***

The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was made because the Company believes that the amount of provision for employee benefits will not materially affect the fair presentation of the financial statements considering that the Company is newly established and none of the employees qualifies for the five years employment under RA 7641.

### **Related Parties**

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless whether a price is charged. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

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

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

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### **Provisions and contingencies**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including risks and uncertainties associated with the present obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Contingent assets and liabilities are not recognized in the financial statements, but are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to statements of financial position when an inflow of economic benefits is probable.

### **Changes in accounting policies, change in accounting estimates and correction of prior period errors**

The Company applies changes in accounting policy if the change is required by the accounting standards or in order to provide reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial statements. Changes in accounting policy brought about by new accounting standards are accounted for in accordance with the specific transitional provision of the standards. All other changes in accounting policy are accounted for retrospectively.

Changes in accounting estimates is recognized prospectively by reflecting it in the profit and loss in the period of the change if the change affects that period only or the period of the change and future periods if the change affects both.

Prior period errors are omissions from, and misstatements in, the Company's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorized for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

To the extent practicable, the Company corrects a material prior period error retrospectively in the first financial statements authorized for issue after its discovery by restating the comparative amounts for the prior periods(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the Company restates the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

### **Subsequent events**

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

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**NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgements and accounting estimates and assumptions used in the financial statements are based upon management evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

**Judgment**

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

***Determination of ECL on Financial Assets***

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Details about the ECL on the Company's financial assets are disclosed in Note 27.

***Assessment of Impairment of Nonfinancial Assets***

The Company determines whether there are indicators of impairment of the Company's non-financial assets. Indicators of impairment include significant change in usage, decline in the asset's fair value or underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could be used by management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

No impairment loss on non-financial assets was recognized in the Company's financial statements in either 2024, 2023 or 2022.

***Determination of Net Realizable Value of Inventories***

In determining the net realizable value of inventories, management takes into account whenever events or changes in circumstances indicate that the carrying amount of the inventory may not be recoverable. The factors that the Company considers important which could trigger an impairment review include significant decline in inventories' market value, obsolescence and physical damage of inventories. If such indications are present and where the cost of inventories exceeds its estimated selling price less costs to sell, an impairment loss is recognized in profit or loss.

There was no objective evidence of impairment of inventory in either 2024 and 2023, and therefore no impairment loss was recognized in either of those years.

**Estimates**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

*Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 27.

*Estimating useful lives of property and equipment*

The Company estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets and residual values are reviewed, and adjusted if appropriate, only if there is a significant change in the asset or how it is used.

The following estimated useful lives are used in depreciating the property and equipment:

<u>Description</u>	<u>Useful Lives</u>
Hospital Building	50 years
Office furniture and equipment	3-5 years
Transportation equipment	5 years
Medical equipment and instruments	10-15 years
Hospital furniture and fixtures	5 years
Other Equipment	3-5 years

*Determination of Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2024, 2023 and 2022, will be fully utilized in the coming years. The carrying value of deferred tax assets is disclosed in Note 26.

**NOTE 6 - CASH**

This account consists of:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash on hand	₱ 941,984	₱ 88,445	₱ 1,046
Cash in banks	6,974,370	64,198,759	8,352,365
	<u>₱ 7,916,354</u>	<u>₱ 64,287,204</u>	<u>₱ 8,353,411</u>

Cash in bank generally earns interest at rates based on daily bank deposit rates. These are unrestricted and available for use in the Company's operation.

Interest income earned from cash in banks amounted to ₱6,795, ₱31,748 and ₱8,882 in 2024, 2023 and 2022, respectively. These are presented under Other Income in the statements of comprehensive income (loss). (Note 23)

**NOTE 7 - TRADE AND OTHER RECEIVABLES**

This account consists of:

	2024	2023	2022
Trade receivable	₱ 63,667,494	₱ -	₱ -
Advances to consultants and employees	249,041	119,015	-
	<u>63,916,535</u>	<u>119,015</u>	<u>-</u>
Allowance for credit losses (Note 27)	(1,512,184)	-	-
	<u>₱ 62,404,351</u>	<u>₱ 119,015</u>	<u>₱ -</u>

Trade receivables pertain to receivables from patients, PCSO and PhilHealth availed by the patients.

Advances to consultants and employees pertains to advances to employees for training, reimbursements for employee's sickness benefit and others collected thru salary deduction or deducted from doctor's fees.

A reconciliation of the allowance for expected credit losses at the beginning and end of 2024, 2023 and 2022 is shown below:

	2024	2023	2022
Balance at January 1	₱ -	₱ -	₱ -
Credit losses (Note 27)	1,512,184	-	-
Recovery of allowance	-	-	-
Balance, December 31	<u>₱ 1,512,184</u>	<u>₱ -</u>	<u>₱ -</u>

**NOTE 8 - INVENTORIES**

This account consists of:

	2024	2023
Hospital supplies	₱ 11,081,250	₱ 1,626,820
Laboratory supplies	7,425,373	-
Office supplies	647,999	-
Linen supplies	395,870	-
Dietary supplies	150,526	-
	<u>₱ 19,701,018</u>	<u>₱ 1,626,820</u>

Hospital and laboratory supplies pertain to medicines and medical supplies administered/used to patients.

The Company recognized as expense, inventories costing ₱68,663,017, ₱594,034 and ₱nil in 2024, 2023 and 2022, respectively. (Note 21)

**NOTE 9 - PREPAYMENTS AND OTHER CURRENT ASSETS**

This account consists of:

	2024	2023	2022
Prepaid income tax (Note 26)	₱ 206,360	₱ -	₱ -
Prepayments	1,463,345	34,500	89,400
Prepaid withholding tax	-	111,811	122,418
Input VAT	2,604,314	189,014	-
	<u>₱ 4,274,019</u>	<u>₱ 335,325</u>	<u>₱ 211,818</u>

Prepaid income tax pertains to excess income tax payment and creditable tax on income payment which can be credited against Company's future income tax liability.

Prepayments pertains to the unexpired portion of insurance, taxes and licenses and other expenses paid in advanced which are applicable to the succeeding period.

Prepaid withholding tax pertains to excess remittance on withholding tax on compensation, these are creditable to the Company's withholding tax remittance in the succeeding period.

Input VAT are value added tax imposed on purchases of goods and services, these are creditable to Company's VAT liability.

#### NOTE 10 - ADVANCES TO CONTRACTORS AND SUPPLIERS

This account represents advance payment made to contractors for the construction of hospital building and payment to suppliers of medical equipment, instruments and hospital information system. This payment shall be applied to progress and full billing. This amounted to ₱15,200,701, ₱18,031,152 and ₱23,272,650 as at December 31, 2024, 2023 and 2022, respectively.

#### NOTE 11 - PROPERTY AND EQUIPMENT – net

A reconciliation of the carrying amounts at the beginning and end of the year ending December 31, 2024, 2023 and 2022 of property and equipment is shown below:

#### 2024

	Land	Hospital Building	Transportation Equipment	Medical Equipment & Instruments	Subtotal
<b>Costs</b>					
January 1, 2024	P 138,532,152	P 816,735,534	P 1,546,000	P 69,942,057	P 1,026,755,743
Additions	-	4,733,257	-	18,828,946	23,562,203
Disposal	-	-	-	-	-
Reclassification	-	-	-	-	-
December 31, 2024	<u>138,532,152</u>	<u>821,468,791</u>	<u>1,546,000</u>	<u>88,771,003</u>	<u>1,050,317,946</u>
<b>Accumulated depreciation</b>					
January 1, 2024	-	-	25,767	582,850	608,617
Depreciation	-	16,334,711	385,212	7,566,141	24,286,063
Disposal	-	-	-	-	-
December 31, 2024	-	<u>16,334,711</u>	<u>410,978</u>	<u>8,148,991</u>	<u>24,894,680</u>
Carrying amount December 31, 2024	<u>P 138,532,152</u>	<u>P 805,134,080</u>	<u>P 1,135,022</u>	<u>P 80,622,012</u>	<u>P 1,025,423,266</u>
Carrying amount December 31, 2023	<u>P 138,532,152</u>	<u>P 816,735,534</u>	<u>P 1,520,233</u>	<u>P 69,359,207</u>	<u>P 1,026,147,126</u>

Continuation	Subtotal	Hospital Furniture and Fixtures	Office Furniture and Equipment	Other Equipment	Building Improvement	Total
<b>Costs</b>						
January 1, 2024	P 1,026,755,743	P 5,203,950	P 6,348,721	P 1,736,178	P -	P 1,040,044,592
Additions	23,562,203	217,089	2,735,585	31,550	1,484,726	28,031,153
Disposal	-	-	-	-	-	-
Reclassification	-	-	-	(1,000,000)	-	(1,000,000)
December 31, 2024	1,050,317,946	5,421,039	9,084,306	767,728	1,484,726	1,067,075,745
<b>Accumulated depreciation</b>						
January 1, 2024	608,617	76,733	490,981	12,270	-	1,188,601
Depreciation	24,286,063	993,697	1,453,596	161,878	97,787	26,993,021
Disposal	-	-	-	-	-	-
December 31, 2024	24,894,680	1,070,430	1,944,577	174,148	97,787	28,181,622
<b>Carrying amount</b>						
December 31, 2024	P 1,025,423,266	P 4,350,609	P 7,139,729	P 593,580	P 1,386,939	P 1,038,894,124
<b>Carrying amount</b>						
December 31, 2023	P 1,026,147,126	P 5,127,217	P 5,857,740	P 1,723,909	P -	P 1,038,855,992

2023

	Land	Construction in Progress	Hospital Building	Transportation Equipment	Medical Equipment & Instruments	Subtotal
<b>Costs</b>						
January 1, 2023	P 138,502,152	P 603,836,505	P -	P -	P -	P 742,338,657
Additions	30,000	212,899,029	-	1,546,000	69,942,057	284,417,086
Reclassification	-	(816,735,534)	816,735,534	-	-	-
December 31, 2023	138,532,152	-	816,735,534	1,546,000	69,942,057	1,026,755,743
<b>Accumulated depreciation</b>						
January 1, 2023	-	-	-	-	-	-
Depreciation	-	-	-	25,767	582,850	608,617
December 31, 2023	-	-	-	25,767	582,850	608,617
<b>Carrying amount</b>						
December 31, 2023	P 138,532,152	-	P 816,735,534	P 1,520,233	P 69,359,207	P 1,026,147,126
<b>Carrying amount</b>						
December 31, 2022	P 138,502,152	P 603,836,505	P -	P -	P -	P 742,338,657

Continuation

	Subtotal	Hospital Furniture and Fixtures	Office Furniture and Equipment	Other Equipment	Total
<b>Costs</b>					
January 1, 2023	P 742,338,657	P -	P 396,512	P -	P 742,735,169
Additions	284,417,086	5,203,950	5,952,209	1,736,178	297,309,423
Reclassification	-				
December 31, 2023	<u>1,026,755,743</u>	<u>5,203,950</u>	<u>6,348,721</u>	<u>1,736,178</u>	<u>1,040,044,592</u>
<b>Accumulated depreciation</b>					
January 1, 2023	-	-	166,447	-	166,447
Depreciation	608,617	76,733	324,534	12,270	1,022,154
December 31, 2023	<u>608,617</u>	<u>76,733</u>	<u>490,981</u>	<u>12,270</u>	<u>1,188,601</u>
Carrying amount					
December 31, 2023	<u>P 1,026,147,126</u>	<u>P 5,127,217</u>	<u>P 5,857,740</u>	<u>P 1,723,908</u>	<u>P 1,038,855,991</u>
Carrying amount					
December 31, 2022	<u>P 742,338,657</u>	<u>P -</u>	<u>P 230,065</u>	<u>P -</u>	<u>P 742,568,722</u>

2022

	Land	Construction in Progress	Office Equipment	Furniture and fixtures	Total
<b>Costs</b>					
1-Jan-22	₱130,662,152	₱ 349,457,324	₱ 130,829	₱ 61,246	₱ 480,311,551
Additions	7,840,00	254,379,181	188,010	16,427	262,423,618
31-Dec-22	<u>138,502,152</u>	<u>603,836,505</u>	<u>318,839</u>	<u>77,673</u>	<u>742,735,169</u>
<b>Accumulated depreciation</b>					
1-Jan-22	-	-	72,695	41,018	113,713
Additions	-	-	42,124	10,610	52,734
31-Dec-22	<u>-</u>	<u>-</u>	<u>114,819</u>	<u>51,628</u>	<u>166,447</u>
Carrying Amount					
31-Dec-22	<u>₱138,502,152</u>	<u>₱603,836,505</u>	<u>₱ 204,020</u>	<u>₱ 26,045</u>	<u>₱742,568,722</u>
Carrying Amount					
31-Dec-21	<u>₱130,662,152</u>	<u>₱ 349,457,324</u>	<u>₱ 58,134</u>	<u>₱ 20,228</u>	<u>₱480,197,838</u>

Depreciation expenses amounted to ₱26,993,021, ₱1,022,154 and ₱52,734 for the years ended December 31, 2024, 2023 and 2022, respectively. These are presented under cost of sales and services and operating expenses in the statements of comprehensive income (loss). (Note 24)

The Company bought a parcel of land with a total area of 5,000 sq. m. situated in Brgy. Visayan Village, City of Tagum, Davao Del Norte. This lot was used for the construction of hospital building. The land together with all the buildings and improvements existing or which may hereinafter exist thereon were used as collateral on loan (Note 17). The carrying value of these properties as at December 31, 2024, 2023 and 2022 amounted to ₱943,666,232, ₱955,267,686 and ₱742,338,657 respectively.

In 2021 the Company purchased the land adjacent to the Company's lot with a total area of 14,000 sq.m.

The Company entered into construction agreement for the construction of multidisciplinary special medical facility (hospital). The estimated projects cost is ₱737,751,000 this was completed in second quarter of 2023 at an actual cost ₱816,735,534. Total costs incurred on this project is included in the construction in progress account.

Construction in-progress is not depreciated until such time the relevant assets are completed and have become available for use. This was reclassified to proper account upon its completion in 2023.

Details of construction in progress is as follows:

	2024	2023	2022
Balance at beginning of period	P -	P 603,836,505	P 349,457,324
Add: Construction and related costs incurred for the period	-	173,370,888	234,138,607
	-	777,207,393	583,595,931
Capitalized borrowing cost	-	39,528,141	20,240,574
Reclassification to Hospital Building	-	(816,735,534)	-
	P -	P -	P 603,836,505

Borrowing costs capitalized as part of the construction in progress for the years ended December 31, 2024, 2023 and 2022 amounted to Pnil, P39,528,141 and P20,240,574 respectively.

The carrying value of hospital equipment used as collateral for loan amounted to P80,622,012 and P69,359,207 as at December 31, 2024 and 2023 respectively. (Note 17)

**NOTE 12 - INTANGIBLE ASSET, net**

Intangible asset pertains to hospital information system. Movement in 2024 is as follows:

	Amount
<b>Costs</b>	
Balance, January 31, 2024	P -
Additions	1,250,000
Disposals	-
Balance, December 31, 2024	1,250,000
<b>Accumulated amortization</b>	
Balance, January 31, 2024	P -
Amortization	233,333
Disposals	-
Balance, December 31, 2024	233,333
<b>Carrying amount- December 31, 2024</b>	<b>P 1,016,667</b>
Carrying amount- December 31, 2023	P -

Intangible assets are expected to be amortized over their remaining life. Amortization of the software commence at the start of hospital's operation. This was presented under cost of sales and services.

There were no contractual commitments for the acquisitions of additional intangible assets as of the reporting date.

**NOTE 13 - FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

This account represents investment in one (1) share in Visayan Village Tagum Rural Waterworks and Multi-services Cooperative (VITRUWASCO). This amount to ₱4,500, ₱3,850 and ₱3,250 as at December 31, 2024, 2023 and 2022, respectively.

The Company earned rebates from this investment amounting to ₱1,056, ₱600 and ₱650 for the years ended December 31, 2024, 2023 and 2022, respectively. (Note 23)

**NOTE 14 - REFUNDABLE DEPOSIT**

This account consists of:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Utility deposit	₱ 2,194,811	₱ 2,194,811	₱ -
Other deposit	458,800	248,800	-
	<u>₱ 2,653,611</u>	<u>₱ 2,443,611</u>	<u>₱ -</u>

Utility deposit pertains to electric bill deposit to NORDECO which is refundable upon the termination of service agreement.

Other deposit represent deposit paid for oxygen tanks which is refundable upon return of the oxygen tanks.

**NOTE 15 - PAYABLES**

This account consists of:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Accounts payable	₱ 72,557,464	₱ 75,918,867	₱ 7,799,379
Retention payable	39,924,467	41,224,475	32,340,931
Accrued expenses	2,159,094	2,634,955	2,648,140
	<u>₱ 114,641,025</u>	<u>₱ 119,778,297</u>	<u>₱ 42,788,450</u>

Accounts payable represents unpaid billings from contractors and suppliers in relation to the construction of hospital building and acquisition of medical equipment and supplies. This also includes unpaid billing from suppliers of Hospital supplies. This non-interest bearing and payable within 30 to 60 days.

Retention payable pertains to the amount withheld or retain by the Company on the progress billing of the building contractor, 50% of this amount is payable within 180 days upon completion of the project and acceptance of the Company of the workmanship of the contractor while the other 50% is payable within 3 months after the first payment of retention.

Accrued expenses pertain to unpaid interest on loans and other incurred expenses during the period. These are non-interest bearing and payable in the succeeding period.

The Company has financial risks management policies in place to ensure that all payable are paid within the credit timeframe.

**NOTE 16 - OTHER CURRENT LIABILITIES**

This account consists of:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Statutory payables	₱ 1,328,421	₱ 460,930	₱ 358,687
Due to BIR	363,463	80,701	7,840
	<u>₱ 1,691,884</u>	<u>₱ 541,631</u>	<u>₱ 366,527</u>

Statutory payable consists of statutory obligations to government agencies such as Social Security System, Philippine Health Insurance Corporation and Home Development Mutual Fund.

Due to BIR consists of obligations to Bureau of Internal Revenue such as documentary stamp, withholding taxes and value added tax.

**NOTE 17 - LOANS PAYABLE**

Outstanding balances of the Company's loans payable are summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current	₱ 110,650,000	₱ 112,000,000	₱ 52,800,000
Non-current	540,800,000	600,000,000	427,500,000
Total	<u>₱ 651,450,000</u>	<u>₱ 712,000,000</u>	<u>₱ 480,300,000</u>

Development Bank of the Philippines

The Company entered into two (2) Term Loan Agreement with the Development Bank of the Philippines (DBP) with a total amount of ₱650M. The amount of loan released as at December 2024, 2023 and 2022 amount to ₱650M, ₱650M and ₱450M, respectively.

*First Term Loan*

The first term loan amounting to ₱500M is payable in twelve (12) years inclusive of a three (3) – year grace period on the principal repayment. The principal is payable in thirty-six (36) quarterly amortizations commencing at the end of the thirteenth (13th) quarter from the date of initial loan release until fully paid. The interest is based on DBP's prevailing rates on the date of loan release 5% - 6% per annum with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to partially finance the construction of a seven (7) storey, 2 Level hospital building and roof deck which is located along National Highway, Barangay Visayan Village, Tagum City, Davao Del Norte. The loan was collateralized by a Real Estate Mortgage (REM) with TCT No. 142-2018008220 registered under the name of Tagum Global Medical Center, Inc. with a carrying amount of ₱943,666,232, ₱955,267,686 and ₱742,338,657 as at December 31, 2024, 2023 and 2022. (See Note 11)

The loan agreement with the banks provides certain restrictions and requirements with respect to among others; a) maintenance of debt to equity ratio of 75:25 and 64:36 debt/equity participation mix for the project, b) not to permit the current ratio to be less than 1:1 at any time, c) not to permit the ratio of its net operating income to total debt service to be less than 1.2:1 at any time, d) incurrence of additional long-term indebtedness or guarantees and e) creation of property encumbrances. The Bank grants a one-year relief from compliance with the financial ratios. Accordingly, the provision in the loan agreement will only be imposed in the year following the Company's commencement of its commercial operations.

*Second Term Loan*

The second term loan amounting to ₱150M is payable in seven (7) years inclusive of a one (1) – year grace period on the principal repayment. The principal is payable in twenty-four (24) quarterly amortizations commencing at the end of the fifth (5th) quarter from the date of initial loan release until fully paid. The interest is based on DBP’s prevailing rates on the date of loan release with quarterly repricing and is payable quarterly commencing at the end of the 1st quarter after initial loan release.

Under the terms of the agreement, the proceeds of the loan will be used by the Company to partially finance the acquisition of various hospital machinery and equipment. The loan was collateralized by a Chattel Mortgage (CHM). The carrying value of hospital equipment used as collateral for this loan amounted to ₱80,622,012 and ₱69,359,207 as at December 31, 2024 and 2023. (Note 11)

The loan agreement with the banks provides certain restrictions and requirements with respect to among others; a) maintenance of debt to equity ratio of 75:25 and 64:36 debt/equity participation mix for the project, b) not to permit the current ratio to be less than 1:1 at any time, c) not to permit the ratio of its net operating income to total debt service to be less than 1.2:1 at any time, d) incurrence of additional long-term indebtedness or guarantees and e) creation of property encumbrances. The Bank grants a one-year relief from compliance with the financial ratios. Accordingly, the provision in the loan agreement will only be imposed in the year following the Company’s commencement of its commercial operations.

In third quarter of 2023, DBP approved the Company’s request for the deferment of the principal repayment of Term Loan 1. The principal repayment which was due in 2023 were added to 2024 quarterly repayment. Consequently, DBP returned the first principal repayment paid by the Company last December 2023.

Shareholders

The Company entered into a loan agreement with its shareholder to augment its fund requirement during the construction of its hospital building. These loans are subject to 10% interest per annum. Outstanding balance amounts to ₱15,650,000, ₱62,000,000 and ₱30,300,000 as at December 31, 2024, 2023, 2022.

Movement of loans payable is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Beginning balance	₱ 712,000,000	₱ 480,300,000	₱ 330,100,000
Proceeds	29,650,000	234,200,000	168,250,000
Payments	(90,200,000)	(2,500,000)	(18,050,000)
Ending balance	<u>₱ 651,450,000</u>	<u>₱ 712,000,000</u>	<u>₱ 480,300,000</u>

Total interest capitalized from these loans amounted to ₱nil, ₱39,528,141 and ₱20,240,574 for the years ended December 31, 2024, 2023 and 2022, respectively (Note 11).

Total interest recognized as expense from these loans amounted to ₱56,503,113 and ₱3,255,146 for December 31, 2024 and 2023, respectively. These are presented under finance cost in the statements comprehensive income (loss).

**NOTE 18 - DEPOSIT FOR FUTURE STOCK SUBSCRIPTION**

On September 29, 2022 and December 19, 2022, the Board of Directors and Shareholders, respectively, approved the increase in Authorized Capital Stock of the Company from Two Hundred Forty Million Pesos (₱240,000,000) divided into Two Hundred Forty Thousand (240,000) shares with a par value of One Thousand Pesos (₱1,000) each to Two Hundred Eighty

Million Pesos (₱280,000,000) divided in to Two Hundred Eighty Thousand (280,000) shares with a par value of One Thousand Pesos (₱1,000) each. The Company received from its Shareholders the amount of ₱10,000,000 accounted for as deposit for future stock subscription.

The Company recognized the deposit for future stock subscription as equity since the Company has met all of the conditions required for recognition to equity as at the reporting date. On March 31, 2023, the Company has filed with the Securities and Exchange Commission its application for the increase in authorized capital. As at December 31, 2024, the approval is still pending in the office of the Commission.

#### NOTE 19 - SHARE CAPITAL

The details of the Company's authorized, issued and outstanding capital as at December 31, 2024, 2023 and 2022 are as follows:

	2024		2023		2022	
	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares
<b>Authorized capital stock:</b>						
Common shares - ₱1,000 par value	₱239,400,000	239,400	₱239,400,000	239,400	₱239,400,000	239,400
Founder's shares - ₱1,000 par value	600,000	600	600,000	600	600,000	600
	<u>240,000,000</u>	<u>240,000</u>	<u>240,000,000</u>	<u>240,000</u>	<u>240,000,000</u>	<u>240,000</u>
<b>Subscribed:</b>						
Common shares - ₱1,000 par value	216,310,000	216,310	213,520,000	213,520	207,260,000	207,260
Founder's shares - ₱1,000 par value	600,000	600	600,000	600	600,000	600
	<u>216,910,000</u>	<u>216,910</u>	<u>214,120,000</u>	<u>214,120</u>	<u>207,860,000</u>	<u>207,860</u>
<b>Less: Subscription receivable</b>						
Common shares - ₱1,000 par value	-	-	(72,000,000)	(72,000)	(72,000,000)	(72,000)
<b>Issued and outstanding</b>	<u>₱216,910,000</u>	<u>216,910</u>	<u>₱142,120,000</u>	<u>142,120</u>	<u>₱135,860,000</u>	<u>135,860</u>

A reconciliation of the outstanding shares at the beginning and end of December 31, 2023, 2022 and 2021 is shown below:

	2024	2023	2022
Outstanding, beginning	142,120	135,860	110,975
Issuance	74,790	6,260	24,885
Reacquisition	-	-	-
Outstanding, ending	<u>216,910</u>	<u>142,120</u>	<u>135,860</u>

Founders' shares have the exclusive right to vote and be voted for the election of Directors for five (5) years from the date of registration. Thereafter, the holders of Founders' shares shall have the same rights and privileges as holders of common shares.

As of December 31, 2024 the Company has fifty one (51) shareholders owning one hundred (100) or more shares of the Company capital stocks.

Pursuant to SEC'S approval, the Company issued Three Thousand Eight Hundred Sixty (3,860) common shares as of December 31, 2022. The related paid share premium and subscription receivable arising from this sale, amounted to ₱62,808,580 and ₱10,531,420, respectively at a price of 200,000 per block of ten (10) shares.

The Company issued additional Six Thousand Two Hundred Sixty (6,260) common shares as of December 31, 2023. The related paid share premium and subscription receivable arising from the sale, amounted to ₱130,690,000 and ₱5,604,000, respectively, at a price of 200,000 per block of ten (10) shares.

The Company issued additional Two Thousand Seven Hundred Ninety (2,790) common shares as of December 31, 2024 at a price of 200,000 per block of ten (10) shares. As of December 31, 2024, total common shares sold is Twelve Thousand Nine Hundred Ten (12,910), premium received is ₱220,616,750 and subscription receivable is ₱24,673,250.

On September 29, 2022 and December 19, 2022, the Board of Directors and Shareholders, respectively, approved the increase in Authorized Capital Stock of the Company from Two Hundred Forty Million Pesos (₱240,000,000) divided into Two Hundred Forty Thousand (240,000) shares with a par value of One Thousand Pesos (₱1,000) per share to Two Hundred Eighty Million Pesos (₱280,000,000) divided in to Two Hundred Eighty Thousand (280,000) shares with a par value of One Thousand Pesos (₱1,000) per share. On March 31, 2023, the Company has filed with the Securities and Exchange Commission its application for the increase in authorized capital. As at December 31, 2024, the approval is still pending.

**NOTE 20 - REVENUE, net**

Details of the Company's revenues are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Hospital revenue	₱ 157,277,712	₱ 677,806	₱ -
Sale of drugs and medicines	42,718,513	57,817	-
	<u>199,996,225</u>	<u>735,623</u>	<u>-</u>
Less: Discount	<u>(16,962,647)</u>	-	-
	<u>₱ 183,033,578</u>	<u>₱ 735,623</u>	<u>₱ -</u>

**NOTE 21 - COST OF SALES AND SERVICES**

Details of the Company's cost of sales and services are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Supplies (Note 8)	₱ 63,355,313	₱ 420,910	₱ -
Salaries and wages	27,380,861	1,280,746	-
Depreciation (Note 11,24)	25,377,547	685,350	-
Professional fees	10,792,104	16,991	-
Dietary (Note 8)	5,307,704	173,124	-
Utilities	4,879,901	65,551	-
SSS/PHIC/HDMF contributions	4,701,350	56,616	-
Outside services	2,341,672	77,486	-
Amortization (Note 12, 24)	233,333	-	-
	<u>₱ 144,369,785</u>	<u>₱ 2,776,774</u>	<u>₱ -</u>

**NOTE 22 - OPERATING EXPENSES**

Details of the Company's operating expenses are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Salaries and wages	P 16,196,769	P 11,976,603	P 534,456
Transportation and travel	5,741,735	763,118	22,535
Communication, light and water	2,091,386	917,342	24,502
SSS/PHIC/HDMF contributions	2,014,864	792,626	51,408
Professional fee	1,643,874	698,350	292,100
Depreciation (Note 11, 24)	1,615,474	336,804	52,734
Credit losses (Note 27)	1,512,184	-	-
Taxes and licenses (Note 32)	1,354,657	3,152,961	1,108,858
Outside services	1,003,574	1,062,499	-
Office supplies	664,670	1,796,156	94,328
Advertising and promotions	574,358	68,356	50,598
Repairs and Maintenance	490,781	44,643	150
Gas and oil	368,925	26,273	-
Bank charges	350,928	112,849	115
Uniform	304,900	132,700	-
Representation	289,894	328,223	107,989
Recruitment expense	254,000	1,940,000	-
Insurance	215,673	250,888	-
Meetings and conferences	26,306	491,591	-
Fines and penalties	18,029	-	50,000
Donations	5,000	-	-
Trainings and seminars	-	751,980	-
Dues and subscription	-	20,000	40,000
Miscellaneous	1,765,352	491,593	11,256
	<u>P 38,503,333</u>	<u>P 26,155,555</u>	<u>P 2,441,029</u>

**NOTE 23 - OTHER INCOME**

Details of the Company's other income are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Income from cafeteria	P 3,117,746	P 189,209	P -
Interest income (Note 6)	6,795	31,748	8,882
Rebates	1,056	600	650
Miscellaneous income	474,964	191,337	-
	<u>P 3,600,561</u>	<u>P 412,894</u>	<u>P 9,532</u>

**NOTE 24 - DEPRECIATION AND EMPLOYEE'S COMPENSATION AND BENEFITS**

Depreciation and employee's compensation and benefits are as follows:

**2024**

	<u>Direct Costs</u>	<u>Operating expense</u>	<u>Total</u>
Depreciation	P 25,377,547	P 1,615,474	P 26,993,021
Amortization	233,333	-	233,333
Employee's compensation and benefits	43,999,951	18,211,633	62,211,584
	<u>P 69,610,831</u>	<u>P 19,827,107</u>	<u>P 89,437,938</u>

2023

	Direct Costs	Operating expense	Total
Depreciation	₱ 685,350	₱ 336,803	₱ 1,022,153
Employee's compensation and benefits	1,337,362	12,769,229	14,106,591
	<u>₱ 2,022,712</u>	<u>₱ 13,106,032</u>	<u>₱ 15,128,744</u>

2022

	Direct Costs	Operating expense	Total
Depreciation	₱ -	₱ 52,734	₱ 52,734
Employee's compensation and benefits	-	585,684	585,684
	<u>₱ -</u>	<u>₱ 638,418</u>	<u>₱ 638,418</u>

**NOTE 25 - RELATED PARTY TRANSACTIONS**

The Company, in the normal course of business, has transactions with related parties. Presented below are the specific relationship, amount of transactions, account balances, terms and conditions and the nature of the consideration to be provided in settlement, and settlement terms.

2024

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
	Advances from			Non-interest bearing; payable in cash; no scheduled repayment terms	
	Advances	₱36,583,318	36,583,318		Unsecured
Shareholders	Loans	₱29,650,000		Interest bearing; payable in cash; no scheduled repayment terms	
	Additional loan				
	Payments	(76,000,000)	15,650,000		Unsecured
	Interest expense Payments	₱8,632,890 (10,434,479)	-	Payable in cash and on demand	Unsecured

2023

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
	Additional Advances	₱(68,332,876)	₱ -	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
Shareholders	Additional loan	₱ 34,200,000		Interest bearing; payable in cash; no scheduled repayment terms	
	Payments	(2,500,000)	₱ 62,000,000		Unsecured
	Interest expense Payments	₱5,036,390 (3,234,801)	₱1,801,589	Payable in cash and on demand	Unsecured

2022

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>Amount (current transaction)</u>	<u>Outstanding balance</u>	<u>Terms</u>	<u>Conditions</u>
	Additional advances	₱40,842,876	₱68,332,876	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured
Shareholders	Additional loan	₱ 43,250,000		Interest bearing; payable in cash; no scheduled repayment terms	
	Payments	(18,050,000)	₱ 30,300,000		Unsecured
	Interest expense Payments	₱782,908 (607,675)	₱175,233	Payable in cash and on demand	Unsecured

**Loans Payable**

The Company obtain loan from shareholders to finance the construction of its hospital building. These are subject to 10% interest per annum, payable in cash and has no scheduled repayment terms.

The outstanding balance of this loan is presented under loans payable – current in the statements of financial position. (Note 17)

Total interest from these loans amounted to ₱8,632,890, ₱1,801,589 and ₱782,908 for the years ended December 31, 2024, 2023 and 2022, respectively.

**Advances**

The Company obtains cash advances from its founders to finance the Company's construction of hospital building and pre-operating expenses and other start up fund requirements. These are non-interest bearing, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

**Key Management Personnel Compensations**

The Company has not paid key management compensation for the years ended December 31, 2024, 2023 and 2022.

**NOTE 26 - INCOME TAXES**

Income tax benefit for the years ended December 31 is computed as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current tax expense	₱ -	₱ -	₱ -
Deferred tax income arising from:			
Temporary differences	<u>(11,024,067)</u>	<u>(7,685,476)</u>	<u>(570,598)</u>
Income Tax benefit	<u>₱ (11,024,067)</u>	<u>₱ (7,685,476)</u>	<u>₱ (570,598)</u>

Reconciliation between statutory tax and effective tax follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Income tax at statutory rate	₱ (13,185,523)	₱ (7,759,740)	₱ (607,874)
Tax effect income subject to final tax	(1,699)	(7,937)	(2,221)
Tax effect of non-deductible interest expense	2,158,648	1,984	-
Tax effect of non-deductible representation expense	-	80,217	26,997
Tax effect of non-deductible fines and penalties	4,507	-	12,500
Effective income tax	<u>₱ (11,024,067)</u>	<u>₱ (7,685,476)</u>	<u>₱ (570,598)</u>

A reconciliation of loss before tax reported in the statements of comprehensive income (loss) and taxable loss follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Regular Corporate Income Tax</b>			
Loss before tax	₱ (52,742,092)	₱ (31,038,958)	₱ (2,431,497)
Permanent Differences:			
Interest income subjected to final tax	(6,795)	(31,748)	(8,882)
Non-deductible interest expense	8,634,589	7,937	-
Non-deductible representation expense	-	320,867	107,989
Non-deductible fines and penalties	18,029	-	50,000
Temporary Differences:			
Credit losses	1,512,184	-	-
Taxable loss	<u>(42,584,085)</u>	<u>(30,741,902)</u>	<u>(2,282,390)</u>
Tax rate	<u>25%</u>	<u>25%</u>	<u>25%</u>
	<u>₱ (10,646,021)</u>	<u>₱ (7,685,476)</u>	<u>₱ (570,598)</u>
<b>Tax due (RCIT or MCIT whichever is higher)</b>	₱ -	₱ -	₱ -
Creditable withholding taxes	(5,647)	-	-
Quarterly income tax payments	(200,713)	-	-
Prepaid Income Tax	<u>₱ (206,360)</u>	<u>₱ -</u>	<u>₱ -</u>

MCIT is the carry forward benefit of the excess of minimum corporate income tax (MCIT) over the regular corporation income tax (RCIT). Excess MCIT can be used within three taxable years from the date of payment. The Minimum Corporate Income Tax (MCIT) was reduced to one percent (1%) on July 1, 2020 until June 30, 2023 pursuant to Revenue Regulation 5-2021. On July 1, 2023, the Minimum Corporate Income Tax (MCIT) was reverted back to two percent (2%).

The Company is not subject to Minimum Corporate Income Tax (MCIT) in reference with the Tax Reform Act of 1995 Sec 27(e) of NIRC which imposed the two percent (2%) MCIT on the fourth taxable year immediately following the year in which such corporation commenced its business operation. The company commenced business operation in 2023 and is subjected to MCIT in 2026.

The net deferred tax assets pertain to the following as of December 31, 2024, 2023, and 2022, respectively and the related deferred tax (expense) income for the years ended December 31, 2024, 2023 and 2022 follows:

	Statements of Financial Position			Statements of Comprehensive Income		
				Profit or Loss		
	2024	2023	2022	2024	2023	2022
Deferred tax asset - NOLCO	P 19,440,666	P 8,794,645	P 1,109,169	P 10,646,021	P 7,685,476	P 570,598
Allowance for credit losses	378,046	-	-	378,046	-	-
Deferred tax income (expense)	P 19,818,712	P 8,794,645	P 1,109,169	P 11,024,067	P 7,685,476	P 570,598

Deferred tax asset from NOLCO, arises from the taxable loss that can be charged against income of the next three taxable years except for NOLCO incurred for the year 2020 and 2021. Pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

*The Summary of NOLCO follows:*

*Details of NOLCO follows that can be carried over as deduction from gross income for the next five (5) consecutive taxable years in reference to RR 25-2020 follows:*

Year Incurred	Amount	Applied	Expired	Balance	Date of Expiration
2021	P 921,891	P -	P -	P 921,891	December 31, 2026
2020	1,232,393	-	-	1,232,393	December 31, 2025
	<u>P 2,154,284</u>	<u>-</u>	<u>-</u>	<u>P 2,154,284</u>	

*Details of NOLCO follows that can be carried over as deduction from gross income for the next three (3) consecutive taxable years follows:*

Year Incurred	Amount	Applied	Expired	Balance	Date of Expiration
2024	P 42,584,085	P -	P -	P 42,584,085	December 31, 2027
2023	30,741,902	-	-	30,741,902	December 31, 2026
2022	2,282,390	-	-	2,282,390	December 31, 2025
	<u>P 75,608,377</u>	<u>P -</u>	<u>P -</u>	<u>P 75,608,377</u>	

#### NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from its operating activities. The most important components of this financial risk are credit risk, liquidity risk and market risks. The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's business activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

*Liquidity Risk*

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company maintains cash to meet its liquidity requirements for up to 30-day periods and the Company maintains adequate highly liquid assets in the form of cash and receivables to assure necessary liquidity, if any. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties, if there's any.

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, 2024, 2023 and 2022 based on contractual undiscounted payment.

	December 31, 2024			Total
	Within 3 months	1 Year	Above 1 Year	
Payables	₱ 114,641,025	₱ -	₱ -	₱ 114,641,025
Advances from shareholders	36,583,318	-	-	36,583,318
Loans payable	15,770,960	109,956,379	811,457,953	937,185,261
	<u>₱ 166,995,303</u>	<u>₱ 109,956,379</u>	<u>₱ 811,457,953</u>	<u>₱ 1,088,409,604</u>
	December 31, 2023			
	Within 3 months	1 Year	Above 1 Year	Total
Payables	₱ 119,778,297	₱ -	₱ -	₱ 119,778,297
Loans payable	26,987,858	179,756,519	765,887,659	972,632,036
	<u>₱ 146,766,155</u>	<u>₱ 179,756,519</u>	<u>₱ 765,887,659</u>	<u>₱ 1,092,410,333</u>
	December 31, 2022			
	Within 3 months	1 Year	Above 1 Year	Total
Payables	₱ 42,788,450	₱ -	₱ -	₱ 42,788,450
Advances from shareholders	-	68,332,876	-	68,332,876
Loans payable	43,918,233	39,747,382	572,083,309	655,748,924
	<u>₱ 86,706,683</u>	<u>₱ 108,080,258</u>	<u>₱ 572,083,309</u>	<u>₱ 766,870,250</u>

The fair values of payables have not been individually disclosed as, due to their short duration, management considers the carrying amounts recognized in the statements of financial position to be reasonable approximation of their fair values.

*Market Risks*

Interest Rate Risk

Interest rate risks arises from the possibility that the changes in interest rates will affect the fair value of financial instruments. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The Company's financial instrument that are exposed to cash flow interest rate risk pertains to its bank loan amounting to ₱635,800,000, ₱650,000,000,00 and ₱450,000,000 as at December 31, 2024, 2023 and 2022, respectively, which are subject to interest rate repricing. (See Note 17)

The effect on income before income tax due to possible changes in interest rates is as follows:

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax		
	31-Dec-2024	31-Dec-2023	31-Dec-2022
+1%	₱ (6,358,000)	₱ (6,500,000)	₱ (4,500,000)
-1%	6,358,000	6,500,000	4,500,000

There is no other impact on the Company's equity other than those affecting profit and loss.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework of the Company. The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities of the Company.

#### Foreign Currency Risk

The Company has no exposure to the risk for changes in foreign exchange rates since the Company has no foreign currency denominated financial assets and liabilities.

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's credit risk is primarily attributable to its cash and receivables. The Company has adopted stringent procedure in extending credit terms and in monitoring its credit risk.

The Company continuously monitors defaults of officers and contractors, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD. The Company's exposure on receivables is minimal since no default in payments were made by the counterparties.

The tables below show the credit quality per class of financial asset and an aging analysis of past due but not impaired accounts as at December 31, 2024, 2023 and 2022.

#### *Credit Quality per Class of Financial Asset*

	December 31, 2024					Total
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	
Cash in banks	₱6,974,370	₱-	₱-	₱-	₱-	₱6,974,370
Trade and other receivables	29,091,246			33,313,105	1,512,184	63,916,535
Refundable deposits	2,653,611					2,653,611
	₱38,718,862	₱-	₱-	₱33,313,105	₱1,512,184	₱73,544,516

December 31, 2023

	Neither Past Due nor Impaired					Total
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	
Cash in banks	₱ 64,198,759	₱-	₱-	₱-	₱-	₱ 64,198,759
Trade and other receivables	119,015	-	-	-	-	119,015
Refundable deposits	2,443,611	-	-	-	-	2,443,611
	<u>₱ 66,761,385</u>	<u>₱-</u>	<u>₱-</u>	<u>₱-</u>	<u>₱-</u>	<u>₱ 66,761,385</u>

December 31, 2022

	Neither Past Due nor Impaired					Total
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	
Cash in banks	₱ 8,352,365	₱-	₱-	₱-	₱-	₱8,352,365

The credit quality of the financial assets is managed by the Company using the internal credit quality ratings. High grade accounts consist of receivables from debtors with good financial condition and with relatively low defaults. All receivables were collected and liquidated in the subsequent period so no estimated credit loss was provided.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

	2024	2023	2022
Cash	₱ 6,974,370	₱ 64,198,759	₱ 8,352,365
Trade and other receivables	62,404,351	119,019	-
Refundable deposits	2,653,611	2,443,611	-
	<u>₱ 72,032,332</u>	<u>₱ 66,761,389</u>	<u>₱ 8,352,365</u>

Cash excludes petty cash fund and cash on hand amounting to ₱941,984, ₱88,445 and ₱1,046 in 2024, 2023 and 2022, respectively.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500.000 for every depositor per banking institution.

(b) Trade Receivables

The Company applies the PFRS 9 forward-looking approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The Company has established a provision matrix in computing the expected rate loss which are based on its historical loss experience, adjusted for current and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organizations,

as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations in interior fit-out industry.

On that basis, the loss allowance as at December 31, 2024 was determined based on months past due, as follows for trade receivables:

	Current	1-30 days	31-60 days	61-90 days	91 days and over	Total
Expected loss rate	0%	2%	5%	7%	10%	
Trade receivables	₱ 28,842,205	₱ 12,918,273	₱ 16,319,391	₱ 4,030,449	₱ 1,557,176	₱ 63,667,494
Loss allowance	₱ -	₱ 258,365	₱ 815,970	₱ 282,131	₱ 155,718	₱ 1,512,184

*(c) Refundable deposits and Advances to consultants and employees*

The amount of ECL is not significant due to the fact that the collectability of contractual cash flows expected from these financial instruments is reasonably assured.

**NOTE 28 - CAPITAL MANAGEMENT OBJECTIVES AND POLICIES**

The primary objective of the Company's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

Management sees to it that equity is closely monitored in proportion to risk. Total equity comprises all components of equity including share capital and accumulated earnings of the Company. The Company monitors capital on the basis of the debt-to-equity ratio.

This ratio is calculated as total liabilities divided by total equity.

	2024	2023	2022
Total current liabilities	₱ 263,566,227	₱ 232,319,928	₱ 164,287,853
Total non-current liabilities	540,800,000	600,000,000	427,500,000
Total liabilities (a)	804,366,227	832,319,928	591,787,853
Total equity (b)	₱ 367,517,830	₱ 302,177,685	₱ 183,731,167
Debt-to-equity ratio (a/b)	2.19:1	2.75:1	3.22:1

**NOTE 29 - FAIR VALUE MEASUREMENT**

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at December 31, 2024, 2023 and 2022:

	Notes	31-Dec-24			
		Carrying Amount	Quoted prices in active markets (Level 1)	Significant unobservable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets for which fair values are disclosed:</b>					
Cash	6	₱ 7,916,354	₱ -	₱ 7,916,354	₱ -
Trade and other receivables	7	62,404,351	-	62,404,351	-
Financial asset at FVOCI	13	4,500	-	-	4,500
Refundable deposit	14	2,653,611	-	2,653,611	-
		₱ 72,978,816	₱ -	₱ 72,974,316	₱ 4,500

		31-Dec-24			
		Fair Value			
	Notes	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities for which fair values are disclosed:</b>					
<b>Financial liabilities at amortized cost:</b>					
Payables	15	₱114,641,025	₱ -	₱114,641,025	₱ -
Advances from shareholders	25	36,583,318	-	36,583,318	-
Loans payable	17	651,450,000	-	651,450,000	-
		<u>₱ 802,674,343</u>	<u>₱ -</u>	<u>₱ 802,674,343</u>	<u>₱ -</u>

		31-Dec-23			
		Fair Value			
	Notes	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets for which fair values are disclosed:</b>					
Cash	6	₱ 64,287,204	₱ -	₱ 64,287,204	₱ -
Receivables	7	119,015	-	119,015	-
Financial asset at FVOCI	13	3,850	-	-	3,850
Refundable deposit	14	2,443,611	-	2,443,611	-
		<u>₱ 66,853,680</u>	<u>₱ -</u>	<u>₱ 66,849,830</u>	<u>₱ 3,850</u>
<b>Liabilities for which fair values are disclosed:</b>					
<b>Financial liabilities at amortized cost:</b>					
Payables	15	₱ 119,778,297	₱ -	₱ 119,778,297	₱ -
Loans payable	17	712,000,000	-	712,000,000	-
		<u>₱ 831,778,297</u>	<u>₱ -</u>	<u>₱ 831,778,297</u>	<u>₱ -</u>

		31-Dec-22			
		Fair Value			
	Notes	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets for which fair values are disclosed:</b>					
Cash	6	₱ 8,353,411	₱ -	₱ 8,353,411	₱ -
Financial asset at FVOCI	13	3,250	-	-	3,250
		<u>₱ 8,356,661</u>	<u>₱ -</u>	<u>₱ 8,353,411</u>	<u>₱ 3,250</u>
<b>Liabilities for which fair values are disclosed:</b>					
<b>Financial liabilities at amortized cost:</b>					
Payables	15	₱ 42,788,450	₱ -	₱ 42,788,450	₱ -
Advances from shareholders	25	68,332,876	-	68,332,876	-
Loans payable	17	480,300,000	-	480,300,000	-
		<u>₱ 591,421,326</u>	<u>₱ -</u>	<u>₱ 591,421,326</u>	<u>₱ -</u>

The carrying amounts of cash, receivables, payables and advances from related parties approximate their fair values due to the short-term nature of these transactions.

**NOTE 30 - RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

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

2024

	Loans Payable (Note 17)	Advances from shareholders (Note 25)	Total
Balance as of January 1, 2024	P 712,000,000	P -	P 712,000,000
Cash flow from Financing Activities:			
Additional Borrowing	29,650,000	36,583,318	66,233,318
Repayment of Borrowing	( 90,200,000)	-	( 90,200,000)
Balance, December 31, 2024	<u>P 651,450,000</u>	<u>P 36,583,318</u>	<u>P 688,033,318</u>

2023

	Loans Payable (Note 17)	Advances from shareholders (Note 25)	Total
Balance as of January 1, 2023	P 480,300,000	P 68,332,876	P 548,632,876
Cash flow from Financing Activities:			
Additional Borrowing	234,200,000	-	234,200,000
Repayment of Borrowing	( 2,500,000)	( 68,332,876)	( 70,832,876)
Balance, December 31, 2023	<u>P 712,000,000</u>	<u>P -</u>	<u>P 712,000,000</u>

2022

	Loans Payable (Note 17)	Advances from shareholders (Note 25)	Total
Balance as of January 1, 2022	P 330,100,000	P 27,490,000	P 357,590,000
Cash flow from Financing Activities:			
Additional Borrowing	168,250,000	40,842,876	209,092,876
Repayment of Borrowing	( 18,050,000)	-	( 18,050,000)
Balance, December 31, 2022	<u>P 480,300,000</u>	<u>P 68,332,876</u>	<u>P 548,632,876</u>

**NOTE 31 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE**

Presented below and in the succeeding pages is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under Revenue Regulation (RR) No. 15-2010 and 34-2020 to disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented below and in the succeeding pages.

(a) Output VAT

	<u>Tax Base</u>	<u>Amount</u>
Vatable sales	P 15,277,403	P 1,833,288
Exempt sales	171,348,886	-
	<u>P 186,626,288</u>	<u>P 1,833,288</u>

The Company's exempt sales were determined pursuant to Section 109 of the 1997 National Internal Revenue Code.

(b) *Input VAT*

	<u>Amount</u>
Balance at beginning of year	₱ 229,367
Goods other than capitals goods	4,142,454
Services lodged under other accounts	-
Input tax allocable to exempt sales	1,156,564
Applied against output VAT	<u>(2,924,071)</u>
	<u>₱ 2,604,314</u>

(c) *Taxes and Licenses for 2024*

The details of Taxes and Licenses account (Note 22) are broken down as follows:

	<u>Amount</u>
Licenses and permits	₱ 654,395
Gross receipts tax – loans	570,403
Real property tax	73,324
Others	56,535
	<u>₱ 1,354,657</u>

The amounts of taxes and licenses shown above are included under the general and administrative expenses in the statements of comprehensive income (loss).

(d) *Withholding Taxes for 2024*

Withholding taxes paid and accrued during the year is as follows:

	<u>Amount</u>
Expanded	₱ 2,525,907
Compensation	131,763
	<u>₱ 2,657,670</u>

(e) *Tax Assessments and Cases*

As of reporting date, the Company has no pending tax cases under preliminary investigation, litigation and/or prosecution in court or bodies within or outside BIR.

(f) *Related Party Transaction*

The Company is not covered under Section 2 of the Revenue Regulation 34-2020 requirements and procedures for related party transaction, including filing of BIR Form 1709, Information Return on its Transactions with Related Party.

**TAGUM GLOBAL MEDICAL CENTER, INC.**  
**SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE**  
**REVISED SRC RULE 68**  
**FINANCIAL SOUNDNESS INDICATORS**

For The Years Ended December 31, 2024, 2023 and 2022

*Current Ratio*

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total current assets	P 94,295,742	P 66,368,364	P 8,565,229
Total current liabilities	<u>263,566,227</u>	<u>232,319,928</u>	<u>164,287,853</u>
Current ratio	<u>0.358:1</u>	<u>0.286:1</u>	<u>0.052:1</u>

*Quick Ratio*

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total liquid asset	P 90,021,723	P 66,033,039	P 8,353,411
Total current liabilities	<u>263,566,227</u>	<u>232,319,928</u>	<u>164,287,853</u>
Quick ratio	<u>0.342:1</u>	<u>0.284:1</u>	<u>0.051:1</u>

*Working Capital to Total Asset*

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Working capital	P (169,270,485)	P (165,951,564)	P (155,722,624)
Total liabilities	<u>804,366,227</u>	<u>832,319,928</u>	<u>591,787,853</u>
Working capital ratio	<u>-0.21:1</u>	<u>-0.199:1</u>	<u>-0.263:1</u>

*Solvency Ratio*

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net income (loss) after tax + Depreciation	P (14,491,671)	P (22,331,328)	P (1,808,165)
Total liabilities	<u>804,366,227</u>	<u>832,319,928</u>	<u>591,787,853</u>
Solvency ratio	<u>-0.018:1</u>	<u>-0.027:1</u>	<u>-0.005:1</u>

*Debt-to-equity Ratio*

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total liabilities	P 804,366,227	P 832,319,928	P 591,787,853
Total equity	<u>367,517,830</u>	<u>302,177,685</u>	<u>183,731,167</u>
Debt-to-equity ratio	<u>2.189:1</u>	<u>2.754:1</u>	<u>3.245:1</u>

*Asset-to-equity Ratio*

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total assets	P 1,171,884,057	P 1,134,497,613	P 775,519,020
Total equity	<u>367,517,830</u>	<u>302,177,685</u>	<u>183,731,167</u>
Asset to equity ratio	<u>3.189:1</u>	<u>3.754:1</u>	<u>4.245:1</u>

**TAGUM GLOBAL MEDICAL CENTER, INC.**  
**SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE**  
**REVISED SRC RULE 68**  
**FINANCIAL SOUNDNESS INDICATORS**

For The Years Ended December 31, 2024, 2023 and 2022

*Interest Rate Coverage Ratio*

	2024	2023	2022
Pre-tax profit (loss) before interest	₱ 3,761,021	₱ (27,783,812)	₱ (2,431,497)
Interest	56,503,113	3,255,146	-
Interest rate ratio	<u>0.067:1</u>	<u>-8.535:1</u>	<u>N/A</u>

*Profitability Ratios*

	2024	2023	2022
Net profit (loss) after tax	₱ (41,718,025)	₱ (23,353,482)	₱ (1,860,899)
Total equity	367,517,830	302,177,685	183,731,167
	<u>-0.114:1</u>	<u>-0.077:1</u>	<u>-0.018:1</u>

a.) *Return on asset ratio*

	2024	2023	2022
Net income (loss) after tax	₱ (41,718,025)	₱ (23,353,482)	₱ (1,860,899)
Average assets	1,153,190,835	1,134,497,613	641,733,209
	<u>-0.036:1</u>	<u>-0.021:1</u>	<u>-0.005:1</u>

b.) *Return on equity ratio*

	2024	2023	2022
Net profit (loss) after tax	₱ (41,718,025)	₱ (23,353,482)	₱ (1,860,899)
Average equity	334,847,758	302,177,685	140,815,005
	<u>-0.125:1</u>	<u>-0.077:1</u>	<u>-0.023:1</u>

c.) *Gross Profit Margin Ratio*

	2024	2023	2022
Net profit (loss) before tax	₱ 3,761,021	₱ (27,783,812)	₱ (2,431,497)
Gross profit	38,663,793	(2,041,151)	-
	<u>0.1:1</u>	<u>16.2:1</u>	<u>N/A</u>

d.) *Net Profit Margin*

	2024	2023	2022
Net profit (loss) after tax	₱ (41,718,025)	₱ (23,353,482)	₱ (1,860,899)
Revenue	183,033,578	735,623	-
	<u>-0.228:1</u>	<u>-31.747:1</u>	<u>N/A</u>

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**  
**For the Reporting Period Ended December 31, 2024**

**TAGUM GLOBAL MEDICAL CENTER, INC.**  
 Room 227 2nd Flr. Gabriel Building, Cor. Apokon & National Highway, Tagum City, Davao del Norte

<b>Unappropriated Retained Earnings, beginning of reporting period</b>	<b>(P38,290,895)</b>
<b>Add: Category A: Items that are directly credited to Unappropriated Retained Earnings</b>	
• Reversal of Retained Earnings Appropriation/s	-
• Effect of restatements or prior-period adjustments	-
• Others	-
	-
<b>Less: Category B: Items that are directly debited to Unappropriated Retained Earnings</b>	
• Dividends declaration during the reporting period	-
• Retained Earnings appropriated during the reporting period	-
• Effect of restatements or prior-period adjustments	-
• Others	-
	-
<b>Unappropriated Retained Earnings, as adjusted</b>	<b>(38,290,895)</b>
<b>Add/Less: Net Income (Loss) for the current year</b>	<b>(41,718,025)</b>
<b>Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>	
• Equity in net income of associate/joint venture, net of dividends declared	-
• Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-
• Unrealized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
• Unrealized fair value gain of Investment Property	-
• Other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under the PFRS Accounting	-
• Sub-total	-
<b>Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>	
• Realized foreign exchange gain, except those attributable to cash and cash equivalents	-
• Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
• Realized fair value gain of Investment Property	-
• Other realized gains or adjustments to retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-
• Sub-total	-

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**  
**For the Reporting Period Ended December 31, 2024**

**TAGUM GLOBAL MEDICAL CENTER, INC.**

Room 227 2nd Flr. Gabriel Building, Cor. Apokon & National Highway, Tagum City, Davao del Norte

<b>Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)</b>	
• Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
• Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
• Reversal of previously recorded fair value gain of Investment Property	-
• Reversal of other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-
• Sub-total	-
<b>Adjusted Net Income (Loss)</b>	<b>(41,718,025)</b>
<b>Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</b>	
• Depreciation on revaluation increment (after tax)	-
• Sub-total	-
<b>Add/Less: Category E: Adjustments related to relief granted by SEC and BSP</b>	
• Amortization of the effect of reporting relief	-
• Total amount of reporting relief granted during the year	-
• Others	-
• Sub-total	-
<b>Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution</b>	
• Net movement of treasury shares (except for reacquisition of redeemable shares)	-
• Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
• Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
• Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
• Others	-
• Sub-total	-
<b>TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD AVAILABLE FOR DIVIDEND DECLARATION</b>	<b>(P80,008,920)</b>

**TAGUM GLOBAL MEDICAL CENTER, INC.**  
**SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68**

**Schedule A. Financial Assets**

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Income received and accrued
Cash in banks			
Development Bank of the Philippines	P 755,119	P 755,119	P 2,469
BDO Unibank Inc.	1,691,261	1,691,261	3,335
Bank of the Philippine Islands	1,429,530	1,429,530	242
Landbank	1,191,430	1,191,430	114
Security Bank	1,907,030	1,907,030	635
	<b>P 6,974,370</b>	<b>P 6,974,370</b>	<b>P 6,795</b>

**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end Of Period
NA	NA	NA	NA	NA	NA	NA	NA

**Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements**

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end Of Period
NA	NA	NA	NA	NA	NA	NA	NA

**Schedule D. Intangible Assets-Other Assets**

Description (i)	Beginning of period balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Current	Ending balance
NA	NA	NA	NA	NA	NA	NA

**TAGUM GLOBAL MEDICAL CENTER, INC.**  
**SUPPLEMENTARY SCHEDULES AS PER PART II SRC RULE 68**

**Schedule E. Long Term Debt**

Title of Issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-term Debt" in related balance sheet (iii)
Promissory Note/ Bank loan payable in single sum.	P635,800,000	P 95,000,000	P540,800,000 5% - 5.5% interest per annum, 24-36 quarterly installments

**Schedule F. Indebtedness to Related Parties**

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)
Various Shareholders	P 62,000,000	P 15,650,000

**Schedule G. Guarantees of Securities of Other Issuers**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
NA	NA	NA	NA	NA

**Schedule H. Capital Stock**

Title of issue (i)	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet Caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Founders' Common Preferred	600 239,400 -	600 216,310 -	- - -	- - -	260 88,140 -	-
<b>Total</b>	<b>240,000</b>	<b>216,910</b>	<b>-</b>	<b>-</b>	<b>88,400</b>	<b>-</b>