

COVER SHEET

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SEC Registration Number

T A G U M G L O B A L M E D I C A L C E N T E R I N C .

(Company's Full Name)

**R O O M 2 2 7 2 N D F L O O R , G A B R I E L
B U I L D I N G , C O R N E R A P O K O N &
N A T I O N A L H I G H W A Y , T A G U M C I T Y ,
D A V A O D E L N O R T E**

(Business Address: No. Street City/Town/Province)

DRA. LA RHAINÉ VIERNES

Contact Person

(0998) 994 8812

(Company Telephone Number)

1 2 3 1

Month Day
(Fiscal Year)

SEC FORM 17-Q

(Form Type)

First Sunday of June

Month Day
(Annual Meeting)

PERMIT TO SELL SECURITIES

(Secondary License Type, if Applicable)

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

1218

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended ...**March 31, 2025**
2. Commission 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. Province, country or other jurisdiction of incorporation or organization
Davao Del Norte, Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
**Room 227 2nd floor, Gabriel Building, Corner Apokon & National Highway,
Tagum City, Davao del Norte** **8100**
8. Issuer's telephone number, including area code
(0998) 994 8812
9. Former name, former address and former fiscal year, if changed since last report
NOT APPLICABLE
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
COMMON SHARE, P1,000 PAR VALUE	216,680 shares
FOUNDERS SHARE, P1,000 PAR VALUE	600 shares / ₱807,084,575

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

Yes [] No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 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 []

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited financial statements of Tagum Global Medical Center Inc. (the Company) as at and for the three months ended March 31, 2025 (with comparative figures as at December 31, 2024 (Audited) and for the three months ended March 31, 2024 (Unaudited) are filed as part of this form 17-Q as Annex A.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL CONDITION

	March 31, 2025		December 31, 2024		Horizontal Analysis		Vertical Analysis		
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	Inc(Dec)	%age	March 31, 2025	December 31, 2024	
ASSETS									
Current Assets									
Cash	₱	48,438,035	₱	7,916,354	₱	40,521,681	512%	4%	1%
Trade and other receivables		35,513,401		62,404,351		(26,890,950)	-43%	3%	5%
Inventories		20,893,130		19,701,018		1,192,112	6%	2%	2%
Prepayments and other current assets		6,598,284		4,274,019		2,324,265	54%	1%	0%
Total Current Assets		111,442,850		94,295,742		17,147,108	18%	9%	8%
Non-current Assets									
Advances to contractors and suppliers		15,227,481		15,200,701		26,780	0%	1%	1%
Property and equipment - net		1,036,902,710		1,038,894,124		(1,991,414)	0%	87%	89%
Intangible asset, net		954,167		1,016,667		(62,500)	-6%	0%	0%
Financial Asset at FVOCI		4,500		4,500		-	0%	0%	0%
Refundable deposit		2,653,611		2,653,611		-	0%	0%	0%
Deferred tax asset		18,165,566		19,818,712		(1,653,146)	-8%	2%	2%
Total Non-Current Assets		1,073,908,035		1,077,588,315		(3,680,280)	0%	91%	92%
Total Assets	₱	1,185,350,885	₱	1,171,884,057	₱	13,466,828	1%	100%	100%
LIABILITIES AND EQUITY									
Current Liabilities									
Payables	₱	119,820,153	₱	114,641,025	₱	5,179,128	5%	10%	10%
Advances to shareholders		40,468,936		36,583,318		3,885,618	100%	3%	3%
Loans payable		105,000,000		110,650,000		(5,650,000)	-5%	9%	9%
Other current liabilities		995,486		1,691,884		(696,398)	-41%	0%	0%
Total Current Liabilities		266,284,575		263,566,227		2,718,348	1%	22%	22%
Non-Current Liabilities									
Loans payable		540,800,000		540,800,000		-	0%	46%	46%
Total Liabilities		807,084,575		804,366,227		2,718,348	0%	68%	69%
Equity									
Share capital		217,280,000		216,910,000		370,000	0%	18%	19%
Share premium		228,196,750		220,616,750		7,580,000	3%	19%	19%
Deposit for future stock subscription		10,000,000		10,000,000		-	0%	1%	1%
Accumulated deficit		(77,210,440)		(80,008,920)		2,798,480	-3%	-7%	-7%
Equity, Net		378,266,310		367,517,830		10,748,480	3%	32%	31%
Total Liabilities and Equity	₱	1,185,350,885	₱	1,171,884,057	₱	13,466,828	1%	100%	100%

As of March 31, 2025, the assets of the Company amount to ₱1,185,350,885, 1% or ₱13,466,828 higher than the December 31, 2024 balance of ₱1,171,884,057. The increase was caused by the increase in cash, inventories, prepayments and other current assets and advances to contractor and suppliers. This was negated by the decrease in trade and other receivables, property and equipment, intangible asset and deferred tax asset.

Cash increased by ₱40,521,681. The increase in cash was primary due to proceeds from issuance of shares, advances from shareholders and cash generated from operation. This is negated by acquisition of property and equipment and principal and interest payments on loans.

Trade and other receivables decreased by ₱26,890,950. This was due to collections of receivables.

Inventories increased by ₱1,192,112 due to additional purchases of hospital, linen and office supplies due to commencement of operation.

Prepayments and other current assets increased by ₱2,324,265 This is primarily due to the increase in prepaid income tax and input tax.

Advances to contractors increased by ₱26,780 due to additional advance payment made to suppliers, net of application of advance payment on the acquisition of property and equipment and supplies.

Property and equipment decreased by .2% or ₱1,991,414. The decrease was primarily due to depreciation for the first quarter of 2025 amounting to ₱6,492,393. This is negated by the additional capital expenditures amounting to ₱4,500,979.

Intangible asset decreased by ₱62,500. The decrease was primarily due to amortization for the first quarter of 2025.

There was no movement in Financial asset at FVOCI.

There is no movement in refundable deposit.

Deferred tax asset decreased by ₱1,653,14 due to the application of NOLCO and reversal of DTA on credit due to recovery of allowance for credit losses in the first quarter of 2025.

Total liabilities increased by ₱2,718,348. The increase was primarily due to additional advances from shareholders and increase in accounts payable. This is negated by the payment of loans payable obtained from the bank in relation to the construction of the hospital building and medical equipment and decrease in other current liabilities.

Payables increased by ₱5,179,128 primarily due to increase in accounts payable in relation to acquisition of property and equipment and additional liabilities incurred in relation to the Company's operation.

Advances from shareholders for the three months ended March 31, 2024 increased by ₱3,885,618. This was primarily due to additional advances from shareholders.

The decrease in loans payable was primarily due to the principal repayment of loans obtained from the bank.

The increase in equity was primarily due to the issuance of shares and additional share premium and the positive result of operation for the first quarter of 2025. Net increased in equity amounted to ₱10,748,480 or 3%.

Material Changes in Financial Condition

a. Cash decreased by ₱40.5M The increase in cash was primary due to proceeds from issuance of shares, advances from shareholders and cash generated from operation. This is negated by acquisition of property and equipment and principal and interest payments on loans.
b. Trade and other receivables decreased by ₱26.89M This was due to collections of receivables.
c. Inventories increased by ₱1.1M Due to additional purchases of hospital, linen and office supplies due to commencement of operation.
d. Prepayments and other current assets increased by ₱2.3M This is primarily due to the decrease in prepaid withholding tax on compensation and input tax.
e. Advances to contractors decreased by ₱1.632M This is primarily due to the increase in prepaid income tax and input tax
f. Property and equipment decreased by ₱1.1M The decrease was primarily due to depreciation for the first quarter of 2025 amounting to ₱6,492,393. This is negated by the additional capital expenditures amounting to ₱4,500,979.
g. Intangible asset decreased by ₱.0625M Due to amortization for the first quarter of 2025.
h. Deferred tax asset decreased by ₱1.65M Due to the application of NOLCO and reversal of DTA on credit due to recovery of allowance for credit losses in the first quarter of 2025.
i. Payables increased by ₱5.17M Primarily due to increase in accounts payable in relation to acquisition of property and equipment and additional liabilities incurred in relation to the Company's operation.
j. Advances from shareholders increased by ₱3.88M Due to additional advances from shareholders.
k. Loans payable decreased by ₱5.65M Primarily due to the principal repayment of loans obtained from the bank
l. Othe current liabilities decreased by ₱.696M Due to payment of statutory and BIR liabilities.
m. Equity increased by ₱10.748M Primarily due to the issuance of shares and additional share premium and the positive result of operation for the first quarter of 2025

RESULTS OF OPERATIONS

The following table shows the consolidated financial highlights of the Company for the three months ended March 31, 2025 and 2024:

	For the three months ended		Horizontal Analysis		Vertical Analysis	
	31-Mar-25	31-Mar-24	Inc (Dec)	%age	31-Mar-25	31-Mar-24
Revenue	₱ 77,519,450	₱ 13,917,166	₱ 63,602,284	-457.01%	100%	100%
Other income	2,046,655	1,188,349	(858,306)	72.23%	3%	9%
Cost of sales	(51,228,157)	(19,816,616)	31,411,541	158.51%	-66%	-142%
Operating expenses	(7,888,228)	(8,199,826)	(311,598)	-3.80%	-10%	-59%
Finance cost	(15,998,094)	(14,523,200)	1,474,894	10.16%	-21%	-104%
Income tax benefit (expense)	(1,653,146)	6,857,578	(8,510,724)	-124.11%	-2%	49%
Net income (loss)	₱ 2,798,480	₱ (20,576,549)	(23,375,029)	-113.60%	4%	-148%

As disclosed in Note 1 in the financial statements, the Company has commenced commercial operation and the construction of a multidisciplinary medical facility (hospital) is completed by fourth quarter of 2024.

Revenue increased by 457%. The Hospital is on its second year of full operation and gained more patients as compared to first quarter of 2024 which is just its start full operation.

Other income during March 31, 2025 is higher than March 31, 2024 by 72.23%. This was mainly due hospital's second year of full operation which have gained additional patients, increasing the income from canteen and other miscellaneous income.

Cost of sales and services increased by 158.51%. As the Company gained more patient and started creating a name in Tagum on its second year of full operation, the increase in revenue would also mean increase in cost of sales and services.

The 3.8% decrease in operating expenses for the three months ended March 31, 2024 compared with the March 31, 2024 is the result of the Company's effort to minimize administrative expenses.

The Company incurred income tax expense for the first quarter of 2025 due to positive result of operation in this quarter as compared to loss in 2024.

The positive result of operation in March 31, 2025 as compared to loss in 2024 is attributable to the Company's effort to make TGMCI known in Tagum area, gaining more patients on its second year of operation.

Material Changes in Operating Results

a. Revenue increased by 457% The Hospital is on its second year of full operation and gained more patients as compared to first quarter of 2024 which is just its start full operation.
b. Other income increased by 72.23% This was mainly due hospital's second year of full operation which have gained additional patients, increasing the income from canteen and other miscellaneous income.
c. Cost of sales and services increased by 158.51% As the Company gained more patient and started creating a name in Tagum on its second year of full operation, the increase in revenue would also mean increase in cost of sales and services.
d. Operating expenses decreased by 3.8% Primarily due to result of the Company's effort to minimize administrative expenses
d. Income tax benefit decreased by 124.11% The Company incurred income tax expense for the first quarter of 2025 due to positive result of operation in this quarter as compared to loss in 2024.
e. Loss decreased by 113.6% The positive result of operation in March 31, 2025 as compared to loss in 2024 is attributable to the Company's effort to make TGMCI known in Tagum area, gaining more patients on its second year of operation.

THE COMPANY'S KEY PERFORMANCE INDICATORS

	Mar 31, 2025	Mar 31, 2024
1. Liquidity		
a. Quick ratio - capacity to cover its short-term obligations using only its most liquid assets. [(cash + A/R+inventories) / current liabilities]	0.39:1	0.14:1
b. Current ratio - capacity to meet current obligations out of its liquid assets.	0.42:1	0.14:1

(current assets / current liabilities)		
2. Solvency a. Debt to equity ratio - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	2.134:1	2.887:1
3. Profitability a. Net profit margin - ability to generate surplus for stockholder (net income / sales)	0.036:1	(1.479:1)
b. Return on equity - ability to generate returns on investment of stockholders. (net income / average equity) Remarks: The Company has not commenced commercial operation and is still at pre-operating stage in 2023.	0.008:1	(0.07:1)
4. Leverage b. Debt to total asset ratio - the proportion of total assets financed by creditors. (total debt / total assets)	0.681:1	0.743:1
c. Asset to equity ratio - indicator of the overall financial stability of the Company. (total assets / equity)	3.134:1	3.887:1
2. Interest Rate Coverage Ratio a. Interest rate coverage ratio - measure of the company's ability to meet its interest payments (earnings before interest and taxes / interest expense) Remarks: The Company was able to meet its interest payments. The negative result was due to loss from pre-operations.	1.278:1	(0.889:1)

DISCUSSION AND ANALYSIS OF MATERIAL EVENTS AND UNCERTAINTIES

There were no material events that would trigger direct or indirect contingent financial obligation that would materially affect the company's operation, including any default or acceleration of obligation.

The Company did not enter into any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons during the period.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

The Company has commitments for capital expenditures during the quarter as disclosed in Note 9 of the unaudited interim financial statements. These were funded by the proceeds from loans, advances and issuance of shares.

There were no significant elements of income or loss that did not arise from the Company's continuing pre-operations. The Company commenced commercial operation in December 2023.

There were no seasonal aspects that had any material effect on the financial condition or results of operations of the Company.

The Company is not a party to any lawsuit or claims arising from the ordinary course of business

PART II--OTHER INFORMATION

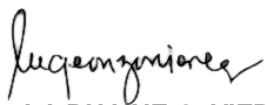
There are no additional material information to be disclosed which are not previously reported under SEC Form 17-C

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Tagum Global Medical Center Inc.

By:



DRA. LA RHAINÉ G. VIERNES
President

Date: May 5, 2025



DRA. EVELYN ROSS H. PERDIDO
Treasurer

Date: May 5, 2025

**TAGUM GLOBAL
MEDICAL CENTER, INC.**

UNAUDITED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2025
*(With Comparative Figures as at December 31, 2024 and
Three Months Ended March 31, 2024)*

TAGUM GLOBAL MEDICAL CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2025 and December 31, 2024

	<i>Notes</i>	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
<u>ASSETS</u>			
Current Assets			
Cash	4,5,6	₱ 48,438,035	₱ 7,916,354
Trade and other receivables	4,5,7	35,513,401	62,404,351
Inventories	4,5,8	20,893,130	19,701,018
Prepayments and other current assets	4,5,9	6,598,284	4,274,019
Total Current Assets		<u>111,442,850</u>	<u>94,295,742</u>
Non-current Assets			
Advances to contractors and suppliers	4,5,10	15,227,481	15,200,701
Property and equipment - net	4,5,11	1,036,902,710	1,038,894,124
Intangible asset, net	4,5,12	954,167	1,016,667
Financial Asset at FVOCI	4,5,13	4,500	4,500
Refundable deposit	4,5,14	2,653,611	2,653,611
Deferred tax asset	4,5,26	18,165,566	19,818,712
Total Non-Current Assets		<u>1,073,908,035</u>	<u>1,077,588,315</u>
TOTAL ASSETS		<u>₱ 1,185,350,885</u>	<u>₱ 1,171,884,057</u>
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Payables	4,15	₱ 119,820,153	₱ 114,641,025
Advances from shareholders	4,25	40,468,936	36,583,318
Loans payable	4,17	105,000,000	110,650,000
Other current liabilities	4,16	995,486	1,691,884
Total Current Liabilities		<u>266,284,575</u>	<u>263,566,227</u>
Non-Current Liabilities			
Loans payable	4,17	540,800,000	540,800,000
Total Liabilities		<u>807,084,575</u>	<u>804,366,227</u>
Equity			
Share capital	4,19	217,280,000	216,910,000
Share premium	4,19	228,196,750	220,616,750
Deposit for future stock subscription	4,18	10,000,000	10,000,000
Accumulated deficit	4	(77,210,440)	(80,008,920)
Equity, net		<u>378,266,310</u>	<u>367,517,830</u>
TOTAL LIABILITIES AND EQUITY		<u>₱ 1,185,350,885</u>	<u>₱ 1,171,884,057</u>

(See accompanying Notes to Financial Statements)

TAGUM GLOBAL MEDICAL CENTER, INC.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For The Three Months Ended March 31, 2025 and March 31, 2024

	<i>Notes</i>	March 31, 2025 (Unaudited)	March 31, 2014 (Unaudited)
REVENUE, net	4,20	₱ 77,519,450	₱ 13,917,166
COST OF SALES AND SERVICES	4,21	<u>(51,228,157)</u>	<u>(19,816,616)</u>
GROSS INCOME (LOSS)		26,291,293	(5,899,450)
OPERATING EXPENSES	4,22	(7,888,228)	(8,199,826)
OTHER INCOME	4,23	2,046,655	1,188,349
FINANCE COST	4,17	<u>(15,998,094)</u>	<u>(14,523,200)</u>
INCOME (LOSS) BEFORE INCOME TAX		4,451,626	(27,434,127)
INCOME TAX BENEFITS	4,26		
Current		-	-
Deferred		<u>(1,653,146)</u>	<u>6,857,578</u>
INCOME (LOSS) FOR THE PERIOD		2,798,480	(20,576,549)
COMPREHENSIVE INCOME (LOSS)		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSSES FOR THE PERIOD		<u>₱ 2,798,480</u>	<u>₱ (20,576,549)</u>

(See accompanying Notes to Financial Statements)

TAGUM GLOBAL MEDICAL CENTER, INC.

STATEMENTS OF CHANGES IN EQUITY

For The Three Months Ended March 31, 2025 and March 31, 2024

	<i>Notes</i>	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
SHARE CAPITAL	<i>4,19</i>		
Balance, beginning of the period		₱ 216,910,000	₱ 142,120,000
Issuance		<u>370,000</u>	<u>210,000</u>
Balance, end of the period		<u>217,280,000</u>	<u>142,330,000</u>
SHARE PREMIUM	<i>4,19</i>		
Balance, beginning of the period		₱ 220,616,750	₱ 188,348,580
Additions		<u>7,580,000</u>	<u>4,950,000</u>
Balance, end of the period		<u>228,196,750</u>	<u>193,298,580</u>
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION	<i>4,18</i>		
Balance, beginning of the period		₱ 10,000,000	₱ 10,000,000
Additions		<u>-</u>	<u>-</u>
Balance, end of the period		<u>10,000,000</u>	<u>10,000,000</u>
ACCUMULATED DEFICITS	<i>4</i>		
Balance, beginning of the period		(80,008,920)	(38,290,893)
Net income (loss) for the period		<u>2,798,480</u>	<u>(20,576,549)</u>
Balance, end of the period		<u>(77,210,440)</u>	<u>(58,867,442)</u>
EQUITY, net		<u>₱ 378,266,310</u>	<u>₱ 286,761,138</u>

(See accompanying Notes to Financial Statements)

TAGUM GLOBAL MEDICAL CENTER, INC.

STATEMENTS OF CASH FLOWS

For The Three Months Ended March 31, 2025 and March 31, 2024

	<i>Notes</i>	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		₱ 4,451,626	₱ (27,434,127)
Adjustment to reconcile net loss to net cash provided by operating activities:			
Interest income	4,23	(371)	(966)
Rebates income	4,13	-	(150)
Depreciation and amortization	4,11,12	<u>6,554,893</u>	6,492,974
Operating loss before changes in working capital		11,006,148	(20,942,269)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables	4,5,7	26,890,950	(1,341,036)
Inventories	4,5,8	(1,192,112)	(5,130,206)
Prepayments and other current assets	4,5,9	(1,933,179)	168,718
Increase (decrease) in:			
Payables	4,15	5,179,128	2,006,541
Other current liabilities	4,16	<u>(696,398)</u>	205,580
Cash (used in) generated from operation		39,254,537	(25,032,672)
Income tax paid	4,26	(391,086)	-
Interest received	4,23	<u>371</u>	966
Net cash (used in) provided by operating activities		38,863,822	(25,031,706)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to contractors	4,5,10	(26,780)	1,632,408
Acquisition of property and equipment	4,5,11	<u>(4,500,979)</u>	(13,251,900)
Net cash used in investing activities		(4,527,759)	(11,619,492)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares	4,19	7,950,000	5,160,000
Advances from shareholders	4,25	3,885,618	6,916,066
Payments of loan	4,17	<u>(5,650,000)</u>	(13,500,000)
Net cash provided by financing activities		6,185,618	(1,423,934)
NET (DECREASE) INCREASE IN CASH		40,521,681	(38,075,132)
CASH AT THE BEGINNING OF THE YEAR		7,916,354	64,287,204
CASH AT THE END OF THE YEAR		₱ 48,438,035	₱ 26,212,072

(See accompanying Notes to Financial Statements)

TAGUM GLOBAL MEDICAL CENTER, INC.
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
March 31, 2025, December 31, 2023 and March 31, 2024

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 licensed 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 MSR 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 ₱200,000.00 per block up to a maximum offer price of ₱400,000.00 per block with an aggregate principal amount of One Billion Pesos (₱1,000,000,000.00).

The registered office of the Company is at Room 227 2nd 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.

NOTE 2 - BASIS OF PRESENTATION

Statement of Compliance

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

The unaudited interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements as of and for the year ended December 31, 2024.

Basis of Preparation and Measurement

The Company has prepared the unaudited interim financial statements as at and for the three months ended March 31, 2025 and year ended December 31, 2024 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 unaudited interim financial statements are presented in Philippine Peso (Peso), the Company's functional currency. All values are rounded to the nearest Peso, unless otherwise stated.

The unaudited interim financial statements have been prepared on historical cost basis, unless stated otherwise.

The unaudited interim 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 unaudited interim 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

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

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, 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 unaudited interim 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 unaudited interim financial statements of the Company.

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 unaudited interim financial statements.

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 unaudited interim 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 unaudited interim 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 unaudited interim 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 unaudited interim 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 unaudited interim financial statements of the Company.

NOTE 4 - MATERIAL ACCOUNTING POLICY INFORMATON

The material accounting policies that have been used in the preparation of these unaudited interim 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 unaudited interim 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 FVPL, (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 financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company’s business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL

Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL.

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not “solely for payment of principal and interest” assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at March 31, 2025 and December 31, 2024, the Company does not have financial assets or liabilities classified as FVPL.

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 March 31, 2025 and December 31, 2024, the Company's cash, trade and other receivables and refundable deposit are classified under this category. (Note 6, 7 and 14)

Cash

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 FVPL 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 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 March 31, 2025 and December 31, 2024, 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 March 31, 2025 and December 31, 2023, 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 FVPL, 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 FVPL 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 FVPL, 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, 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.

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.

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 fees

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.

Cost of sales and services

Cost of sales and services are recognized in profit or loss in the period the goods are sold and when services are rendered.

Operating Expenses

This account includes selling and general & administrative expenses. Selling expenses pertain to cost of marketing and distribution of goods and rendering of services to customers. 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 unused MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed 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 unaudited interim 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.

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 unaudited interim financial statements, but are disclosed in the notes to separate unaudited interim financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the unaudited interim 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 unaudited interim 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 unaudited interim financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when unaudited interim 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 unaudited interim financial statements.

To the extent practicable, the Company corrects a material prior period error retrospectively in the first unaudited interim 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 unaudited interim financial statements. Subsequent events that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the unaudited interim financial statements.

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the unaudited interim 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 unaudited interim financial statements and accompanying notes. The judgements and accounting estimates and assumptions used in the unaudited interim 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 unaudited interim 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.

The following are the significant judgement, accounting estimates and assumptions by the Company:

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 unaudited interim 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 unaudited interim financial statements in either March 31, 2025 and December 31, 2024.

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 2025 and 2024, 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:

Description	Useful Lives
Hospital Building	50 years
Building Improvements	10 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 March 31, 2025 and December 31, 2024 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:

	31-Mar-25 (Unaudite)	31-Dec-24 (Audited)
Cash on hand	₱ 1,469,211	₱ 941,984
Cash in banks	46,968,824	6,974,370
	<u>₱ 48,438,035</u>	<u>₱ 7,916,354</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 ₱371, ₱6,795 and ₱966 for the three months ended March 31, 2025, year ended December 31, 2024 and three months ended March 31, 2024, respectively (Note 23). These are presented under Other Income in the statements of comprehensive income (loss).

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	31-Mar-25 (Unaudited)	31-Dec-24 (Audited)
Trade receivable	₱ 36,050,463	₱ 63,667,494
Advances to consultants and employees	341,315	249,041
	36,391,778	63,916,535
Allowance for credit losses	(878,377)	(1,512,184)
	<u>₱ 35,513,401</u>	<u>₱ 62,404,351</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:

	31-Mar-25 (Unaudited)	2023 (Audited)
Balance at January 1	₱ 1,512,184	₱ -
Credit losses (Note 27)	(633,807)	1,512,184
Recovery of allowance	-	-
Balance, December 31	<u>₱ 878,377</u>	<u>₱ 1,512,184</u>

NOTE 8 - INVENTORIES

This account consists of:

	31-Mar-25 (Unaudited)	31-Dec-24 (Audited)
Hospital supplies	₱ 12,611,854	₱ 11,081,250
Laboratory supplies	6,795,049	7,425,373
Office supplies	778,647	647,999
Linen supplies	518,338	395,870
Dietary supplies	189,242	150,526
	<u>₱ 20,893,130</u>	<u>₱ 19,701,018</u>

Hospital supplies pertains to medicines and medical supplies administered/used to patients.

The Company recognized as expense, inventories costing ₱26,617,603, ₱68,663,017 and ₱1,722,275 for the three months ended March 31, 2025, year ended December 31, 4and three months ended March 31, 2024, respectively.

No portion of the inventory was pledged as security for any liability.

NOTE 9 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	31-Mar-25 (Unaudited)	31-Dec-24 (Audited)
Prepaid income tax (Note 26)	₱ 597,446	₱ 206,360
Prepayments	-	1,463,345
Input VAT	6,000,838	2,604,314
	<u>₱ 6,598,284</u>	<u>₱ 4,274,01</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.

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 ₱15,227,481 and ₱15,200,701 as at March 31, 2024 and December 31, 2024, respectively.

NOTE 11 - PROPERTY AND EQUIPMENT – net

A reconciliation of the carrying amounts at the beginning and end of March 31, 2025 and December 31, 2024 of property and equipment is shown below:

31-Mar-2024 (Unaudited)

	Land	Hospital Building & Improvements	Transportation Equipment	Medical Equipment & Instruments	Subtotal
Costs					
January 1, 2025	₱ 138,532,152	₱ 822,953,518	₱ 1,546,000	₱ 88,771,003	₱ 1,051,802,673
Additions	-	1,110,526	-	2,386,173	3,496,699
Disposal	-	-	-	-	-
Reclassification	-	-	-	-	-
March 31, 2025	<u>138,532,152</u>	<u>824,064,044</u>	<u>1,546,000</u>	<u>91,157,176</u>	<u>1,055,299,372</u>
Accumulated depreciation					
January 1, 2025	-	16,432,498	410,978	8,148,991	24,992,467
Depreciation	-	4,083,678	77,300	1,748,551	5,909,529
Disposal	-	-	-	-	-
March 31, 2025	<u>-</u>	<u>20,516,176</u>	<u>488,278</u>	<u>9,897,542</u>	<u>30,901,996</u>
Carrying amount					
March 31, 2025	₱ 138,532,152	₱ 803,547,868	₱ 1,057,722	₱ 81,259,634	₱ 1,024,397,376
Carrying amount					
December 31, 2024	<u>₱ 138,532,152</u>	<u>₱ 806,521,020</u>	<u>₱ 1,135,022</u>	<u>₱ 80,622,012</u>	<u>₱ 1,026,810,206</u>

Continuation	Subtotal	Hospital Furniture and Fixtures	Office Furniture and Equipment	Other Equipment	Total
Costs					
January 1, 2025	₱ 1,051,802,673	₱ 5,421,039	₱ 9,084,306	₱ 767,728	₱ 1,067,075,746
Additions	3,496,699	217,084	787,196	-	4,500,979
Disposal	-	-	-	-	-
March 31, 2025	<u>1,055,299,372</u>	<u>5,638,123</u>	<u>9,871,502</u>	<u>767,728</u>	<u>1,071,576,725</u>
Accumulated depreciation					
January 1, 2025	24,992,467	1,070,430	1,944,577	174,148	28,181,622
Depreciation	5,909,529	230,200	315,855	36,809	6,492,393
Disposal	-	-	-	-	-
March 31, 2025	<u>30,901,996</u>	<u>1,300,630</u>	<u>2,260,432</u>	<u>210,957</u>	<u>34,674,015</u>
Carrying amount					
March 31, 2025	<u>₱ 1,024,397,376</u>	<u>₱ 4,337,493</u>	<u>₱ 7,611,070</u>	<u>₱ 556,771</u>	<u>₱ 1,036,902,710</u>
Carrying amount					
December 31, 2024	<u>₱ 1,026,810,206</u>	<u>₱ 4,350,609</u>	<u>₱ 7,139,729</u>	<u>₱ 593,580</u>	<u>₱ 1,038,894,124</u>

December 31, 2024 (Audited)

	Land	Hospital Building	Transportation Equipment	Medical Equipment & Instruments	Subtotal
Costs					
January 1, 2024	₱ 138,532,152	₱ 816,735,534	₱ 1,546,000	₱ 69,942,057	₱ 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>
Accumulated depreciation					
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>-</u>	<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>₱ 138,532,152</u>	<u>₱ 805,134,080</u>	<u>₱ 1,135,022</u>	<u>₱ 80,622,012</u>	<u>₱ 1,025,423,266</u>
Carrying amount					
December 31, 2023	<u>₱ 138,532,152</u>	<u>₱ 816,735,534</u>	<u>₱ 1,520,233</u>	<u>₱ 69,359,207</u>	<u>₱ 1,026,147,126</u>

Continuation	Subtotal	Hospital Furniture and Fixtures	Office Furniture and Equipment	Other Equipment	Building Improvement	Total
Costs						
January 1, 2024	₱ 1,026,755,743	₱ 5,203,950	₱ 6,348,721	₱ 1,736,178	₱ -	₱ 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
Accumulated depreciation						
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
Carrying amount						
December 31, 2024	₱ 1,025,423,266	₱ 4,350,609	₱ 7,139,729	₱ 593,580	₱ 1,386,939	₱ 1,038,894,124
Carrying amount						
December 31, 2023	₱ 1,026,147,126	₱ 5,127,217	₱ 5,857,740	₱ 1,723,909	₱ -	₱ 1,038,855,992

Depreciation expenses amounted to ₱6,492,393, ₱26,993,021 and ₱6,492,975 for the three months ended March 31, 2025, year ended December 31, 2025, and three months ended March 31, 2024, 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 14). The carrying value of these properties as at March 31, 2025 and December 31, 2024 amounted to ₱942,080,000 and ₱943,666,232 respectively.

The Company purchased the land adjacent to the Company's lot with a total area of 14,000 sq.m. The cost of this land was initially recorded as land deposits and was reclassified to property and equipment in 2021.

The Company entered into construction agreement for the construction of multidisciplinary special medical facility (hospital). Estimated projects cost is ₱737,751,000 and estimated date to be completed in second quarter of 2023. Total costs incurred on this project is included in the construction in progress account.

These costs include materials, labors and other attributable to the construction. Upon completion, this is classified to proper account. Construction in-progress is not depreciated until such time the relevant assets are completed and have become available for use.

The Construction of the Hospital Building was completed in the fourth quarter of 2023. Construction in Progress account amounting to ₱816,735,534 was reclassified to proper account.

The carrying value of hospital equipment used as collateral for loan amounted to ₱81,259,034 and ₱80,622,012 as at March 31, 2025 and December 31, 2024, respectively. (Note 17)

NOTE 12 - INTANGIBLE ASSET

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

	<u>Amount</u>
Costs	
Balance, January 31, 2024	₱ 1,250,000
Additions	-
Disposals	-
Balance, December 31, 2024	<u>1,250,000</u>
Accumulated amortization	
Balance, January 31, 2024	₱ 233,333
Amortization	62,500
Disposals	-
Balance, December 31, 2024	<u>295,833</u>
Carrying amount- March 31, 2025	<u>₱ 954,167</u>
Carrying amount- December 31, 2024	<u>₱ 1,016,667</u>

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 as at March 31, 2025 and December 31, 2024, respectively.

The Company earned rebates from this investment amounting to ₱nil, ₱1,056 and ₱150 for the three months ended March 31, 2025, year ended December 31, 2024, and three months ended March 31, 2024, respectively. (Note 23)

NOTE 14 - REFUNDABLE DEPOSIT

This account consists of:

	31-Mar-25 (Unaudited)	31-Dec-24 (Audited)
Utility deposit	₱ 2,194,811	₱ 2,194,811
Other deposit	458,800	458,800
	<u>₱ 2,653,611</u>	<u>₱ 2,653,611</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:

	31-Mar-25 (Unaudited)	31-Dec-24 (Audited)
Accounts payable	₱ 75,734,973	₱ 72,557,464
Retention payable	39,813,213	39,924,467
Accrued expenses	4,271,967	2,159,094
	<u>₱ 119,820,153</u>	<u>₱ 114,641,025</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:

	31-Mar-25 (Unaudited)	31-Dec-24 (Audited)
Statutory payables	₱ 763,776	₱ 1,328,421
Due to BIR	231,710	363,463
	₱ 995,486	₱ 1,691,884

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

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

NOTE 17 - LOANS PAYABLE

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

	31-Mar-25 (Unaudited)	31-Dec-24 (Audited)
Current	₱ 105,000,000	₱ 110,650,000
Non-current	540,800,000	540,800,000
Total	₱ 645,800,000	₱ 651,450,000

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 March 31, 2025 and December 2024 amount to ₱650M.

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 ₱942,080,020 and ₱943,666,232 as at March 31, 2025 and December 31, 2024, respectively. (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 ₱81,259,634 and ₱80,622,012 as at March 31, 2025 and December 31, 2024, respectively. (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 for the on-going construction of hospital building. These loans are subject to 10% interest per annum. Outstanding balance amounts to ₱15,650,000 as at March 31, 2025 and December 31, 2024, respectively.

Movement of loans payable is as follows:

	31-Mar-25 (Unaudited)	31-Dec-24 (Audited)
Beginning balance	₱ 651,450,000	₱ 712,000,000
Proceeds	-	29,650,000
Payments	(5,650,000)	(90,200,000)
Ending balance	₱ 645,800,000	₱ 651,450,000

Total interest recognized as expense from these loans amounted to ₱15,998,094 and ₱56,503,113 for the three months ended March 31, 2025 and year ended December 31, 2024, 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 March 31, 2025, 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 March 31, 2025, December 31, 2024, and March 31, 2024 are as follows:

	31-Mar-25 (Unaudited)		31-Dec-24 (Audited)		31-Mar-24 (Unaudited)	
	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares
Authorized capital stock:						
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	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>
	<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>
Subscribed:						
Common shares - ₱1,000 par value	216,680,000	216,680	216,310,000	216,310	213,730,000	213,730
Founder's shares – ₱1,000 par value	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>	<u>600,000</u>	<u>600</u>
	<u>216,780,000</u>	<u>216,780</u>	<u>216,910,000</u>	<u>216,910</u>	<u>214,330,000</u>	<u>214,330</u>
Less: Subscription receivable						
Common shares - ₱1,000 par value	-	-	-	-	(72,000,000)	(72,000)
Issued and outstanding	<u>₱217,280,000</u>	<u>217,280</u>	<u>₱216,910,000</u>	<u>216,910</u>	<u>₱142,330,000</u>	<u>143,330</u>

A reconciliation of the outstanding shares at the beginning and end of March 31, 2025, December 31, 2024 and March 31, 2024 is shown below:

	31-Mar-25 (Unaudited)	31-Dec-24 (Audited)	31-Mar-24 (Unaudited)
Outstanding, beginning	216,910	142,120	142,120
Issuance	370	74,790	210
Reacquisition	-	-	-
Outstanding, ending	<u>217,280</u>	<u>216,910</u>	<u>142,330</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 March 31, 2025 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.

The Company issued additional Three Hundred Seventy (370) common shares as of March 31, 2025 at a price of 200,000 per block of ten (10) shares. As of March 31, 2025, total common shares sold is Thirteen Thousand Two Hundred Eighty (13,280), premium received is ₱228,196,750 and subscription receivable is ₱24,123,250.

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 March 31, 2025, the approval is still pending.

NOTE 20 - REVENUE

Details of the revenue from Hospital operations follows:

	31-Mar-25	31-Mar-24
	(Unaudited)	(Unaudited)
Hospital revenue	₱ 69,418,200	₱ 13,258,645
Sale of drugs and medicines	16,146,418	1,443,281
	85,564,618	14,701,926
Less: Discount	8,045,168	784,760
	₱ 77,519,450	₱ 13,917,166

NOTE 21 - COST OF SALES AND SERVICES

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

	31-Mar-25	31-Mar-24
	(Unaudited)	(Unaudited)
Supplies	₱ 24,379,227	₱ 1,722,275
Salaries and wages	12,580,260	7,390,283
Depreciation (Note 11,23)	6,139,729	6,123,688
Professional fees	2,836,182	1,650,172
Dietary	2,057,003	195,580
Utilities	1,982,321	722,451
SSS/PHIC/HDMF contributions	751,190	1,574,990
Outside services	439,745	437,177
Amortization (Note 12)	62,500	-
	<u>₱ 51,228,157</u>	<u>₱ 19,816,616</u>

NOTE 22 - OPERATING EXPENSES

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

	31-Mar-25	31-Mar-24
	(Unaudited)	(Unaudited)
Salaries and wages	₱ 3,145,065	₱ 3,167,264
Transportation and travel	1,237,110	324,240
Taxes and licenses	749,645	399,134
Communication, light and water	495,581	309,622
Professional fee	385,869	17,500
Depreciation (Note 11,23)	352,664	369,288
SSS/PHIC/HDMF contributions	187,797	674,996
Office supplies	181,373	349,464
Advertising and promotions	139,576	32,872
Outside services	109,937	343,497
Repairs and Maintenance	118,845	-
Gas and oil	48,132	32,434
Representation	24,595	8,339
Recruitment expense		646,000
Uniform		155,800
Trainings and seminars		36,487
Fines and penalties		4,541
Miscellaneous	712,039	1,328,348
	<u>₱ 7,888,228</u>	<u>₱ 8,199,826</u>

NOTE 23 - OTHER INCOME

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

	31-Mar-25 (Unaudited)	31-Mar-24 (Unaudited)
Income from cafeteria	₱ 1,401,967	₱ 652,780
Recovery of allowance for credit losses	633,807	
Interest income (Note 6)	371	966
Rebates (Note 12)	-	150
Miscellaneous income	10,510	534,433
	<u>₱ 2,046,655</u>	<u>₱ 1,188,349</u>

NOTE 24 - DEPRECIATION AND EMPLOYEE'S COMPENSATION AND BENEFITS

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

31-Mar-25 (Unaudited)

	<u>Direct Costs</u>	<u>Operating expense</u>	<u>Total</u>
Depreciation	₱ 6,139,729	₱ 352,664	₱ 6,492,393
Amortization	62,500	-	62,500
Employee's compensation and benefits	13,331,450	3,332,862	16,664,312
	<u>₱ 19,533,679</u>	<u>₱ 3,685,526</u>	<u>₱ 23,219,206</u>

*Employee benefits includes salaries and wages and SSS, PHIC, HDMF contributions

31-Mar-24 (Unaudited)

	<u>Direct Costs</u>	<u>Operating expense</u>	<u>Total</u>
Depreciation	₱ 6,123,688	₱ 369,288	₱ 6,492,976
Employee's compensation and benefits	8,965,273	3,842,260	12,807,533
	<u>₱ 15,088,961</u>	<u>₱ 4,211,548</u>	<u>₱ 19,300,509</u>

*Employee benefits includes salaries and wages and SSS, PHIC, HDMF contributions

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.

31-Mar-2025 (Unaudited)

<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>
	Advances from			Non-interest bearing; payable in cash; no scheduled repayment terms	
	Additional	₱ 3,885,618	₱ 40,468,936		Unsecured
Shareholders	Loans			Interest bearing; payable in cash; no scheduled repayment terms	
	Additional loan Payments	₱ -	₱ 15,650,000		Unsecured
	Interest expense Payments	₱ 2,161,233	₱ 2,161,233	Payable in cash and on demand	Unsecured

31-Dec-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>
	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

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 incurred from these loans amounted to ₱2,161,233 and ₱8,632,890 (capitalized) for the three months ended March 31, 2025 and year ended December 31, 2024, 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 three months ended March 31, 2025, year ended December 31, 2024 and three months ended March 31, 2024, respectively.

NOTE 26 - INCOME TAXES

Income tax benefit for the three months ended March 31 is computed as follows:

	31-Mar-25 (Unaudited)	31-Mar-24 (Unaudited)
Current tax expense	₱ -	₱ -
Deferred tax income arising from:		
Temporary differences	<u>1,653,146</u>	<u>(6,857,578)</u>
Income tax benefit	<u>₱ 1,653,146</u>	<u>₱ (6,857,578)</u>

Reconciliation between statutory tax and effective tax follows:

	31-Mar-25 (Unaudited)	31-Mar-24 (Unaudited)
Income tax at statutory rate	₱ 1,112,906	₱ (6,858,532)
Tax effect income subject to final tax	(93)	(242)
Tax effect of non-deductible interest expense	540,332	61
Tax effect of non-deductible fines and penalties	-	1,135
Effective income tax	<u>₱ 1,653,146</u>	<u>₱ (6,857,578)</u>

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

	31-Mar-25 (Unaudited)	31-Mar-24 (Unaudited)
Income (loss) before tax	₱ 4,451,626	₱ (27,434,127)
Permanent Differences:		
Interest income subjected to final tax	(371)	(966)
Interest expense	2,161,326	242
Non-deductible fines and penalties	-	4,541
Temporary Differences:		
(Recovery) Provision for credit losses	(633,807)	-
Application of NOLCO	<u>(5,978,774)</u>	<u>4,541</u>
Taxable loss	-	(27,430,310)
Tax rate	<u>25%</u>	<u>25%</u>
	<u>₱ -</u>	<u>₱ (6,857,578)</u>

Tax due (RCIT or MCIT whichever is higher)	₱	-	₱	-
Prior year excess credits		(206,360)		-
Creditable withholding taxes		(391,086)		-
Prepaid Income Tax	₱	<u>(597,446)</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 March 31, 2025 and December 31, 2024, respectively and the related deferred tax (expense) income for the three months ended March 31, 2025 and year ended December 31, 2024 follows:

	Statements of Comprehensive Income			
	Statements of Financial Position		Profit or Loss	
	2025	2024	2025	2024
Deferred tax asset - NOLCO	₱ 17,945,972	₱ 19,440,666	₱ (1,494,694)	₱ 10,646,021
Allowance for credit losses	219,594	378,046	(158,452)	378,046
Deferred tax income (expense)	₱ 18,165,566	₱ 19,818,712	₱ (1,653,146)	₱ 11,024,067

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	₱ 921,891	₱ (921,891)	₱ -	₱ -	December 31, 2026
2020	1,232,393	(1,232,393)	-	-	December 31, 2025
	<u>₱ 2,154,284</u>	<u>(2,154,284)</u>	<u>₱ -</u>	<u>₱ -</u>	

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

<u>Year Incurred</u>	<u>Amount</u>	<u>Applied</u>	<u>Expired</u>	<u>Balance</u>	<u>Date of Expiration</u>
2024	₱ 27,430,310	₱ -	₱ -	₱27,430,310	December 31, 2027
2023	30,741,902	(1,542,100)	-	29,199,802	December 31, 2026
2022	2,282,390	(2,282,390)	-	-	December 31, 2025
	<u>₱ 60,454,602</u>	<u>₱(3,824,490)</u>	<u>₱ -</u>	<u>₱56,630,112</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 March 31, 2025 and December 31, 2024 based on contractual undiscounted payment.

	<u>March 31, 2025 (Unaudited)</u>			
	<u>Within 3 months</u>	<u>1 Year</u>	<u>Above 1 Year</u>	<u>Total</u>
Payables	₱ 119,820,153	₱ -	₱ -	₱ 119,820,153
Advances from shareholders	-	40,468,936	-	40,468,936
Loans payable	19,666,623	83,089,756	811,457,923	914,214,302
	<u>₱ 139,486,776</u>	<u>₱ 123,558,692</u>	<u>₱ 811,457,923</u>	<u>₱1,074,503,391</u>

	December 31, 2024 (Audited)			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>

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 ₱630,150,000 and ₱635,800,000 as at March 31, 2025 and December 31, 2024, 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-Mar-25 (Unaudited)	31-Dec-24 (Audited)
+1%	₱ (6,301,500)	₱ (6,358,000)
-1%	6,301,500	6,358,000

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 March 31, 2025 and December 31, 2024.

Credit Quality per Class of Financial Asset

<u>March 31, 2025 (Unaudited)</u>						
<u>Neither Past Due nor Impaired</u>						
	<u>High Grade</u>	<u>Standard Grade</u>	<u>Substandard Grade</u>	<u>Past Due but not Impaired</u>	<u>Impaired</u>	<u>Total</u>
Cash in banks	=P 46,968,824	=P-	=P-	=P-	=P-	=P 46,968,824
Trade and other receivables	23,225,252	-	-	12,288,150	878,377	36,391,779
Refundable deposits	<u>2,653,611</u>	-	-	-	-	<u>2,653,611</u>
	<u>=P 72,847,687</u>	<u>=P-</u>	<u>=P-</u>	<u>=P12,288,150</u>	<u>=P878,377</u>	<u>=P 86,014,214</u>

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

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.

	<u>31-Mar-25 (Unaudited)</u>	<u>31-Dec-24 (Audited)</u>
Cash	P 46,968,824	P 6,974,370
Trade and other receivables	36,391,779	62,404,351
Refundable deposits	<u>2,653,611</u>	<u>2,653,611</u>
	<u>P 86,014,214</u>	<u>P 72,032,332</u>

Cash excludes petty cash fund and cash on hand amounting to P1,469,211 and P941,984 in March 31, 2025 and December 31, 2024.

(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 and Other Receivables*

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 hospital and healthcare services.

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

	March 31, 2025 (Unaudited)					
	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	P 22,883,937	P 218,363	P 6,302,778	P 3,522,260	P 3,123,126	P 22,883,937
Loss allowance	P -	P 4,367	P 315,139	P 246,558	P 312,313	P 878,377
	December 31, 2024 (Audited)					
	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	P 28,842,205	P 12,918,273	P 16,319,391	P 4,030,449	P 1,557,176	P 63,667,494
Loss allowance	P -	P 258,365	P 815,970	P 282,131	P 155,718	P 1,512,184

Other Receivables

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.

(c) Refundable deposits

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.

	<u>31-Mar-25</u> <u>(Unaudited)</u>	<u>31-Dec-24</u> <u>(Audited)</u>
Total current liabilities	₱ 105,000,000	₱ 263,566,227
Total non-current liabilities	<u>540,800,000</u>	<u>540,800,000</u>
Total liabilities (a)	807,084,575	804,366,227
Total equity (b)	<u>₱ 378,266,310</u>	<u>₱ 367,517,830</u>
Debt-to-equity ratio (a/b)	<u>2.13:1</u>	<u>2.19:1</u>

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 March 31, 2025 and December 31, 2024:

	Notes	<u>31-Mar-25 (Unaudited)</u>			
		<u>Carrying</u> <u>Amount</u>	<u>Fair Value</u>		
		<u>Quoted prices</u> <u>in active</u> <u>markets</u> <u>(Level 1)</u>	<u>Significant</u> <u>observable</u> <u>inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>unobservable</u> <u>inputs</u> <u>(Level 3)</u>	
Assets for which fair values are disclosed:					
Cash	6	₱ 48,438,035	-	₱ 48,438,035	-
Trade and other receivables	7	35,513,401	-	35,513,401	-
Financial asset at FVOCI	13	4,500	-	-	4,500
Refundable deposit	14	<u>2,653,611</u>	-	<u>2,653,611</u>	-
		<u>₱ 86,609,547</u>	<u>₱ -</u>	<u>₱ 86,605,047</u>	<u>₱ 4,500</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Payables	15	₱119,820,153	-	₱119,820,153	-
Advances from shareholders	25	40,468,936	-	40,468,936	-
Loans payable	17	<u>645,800,000</u>	-	<u>645,800,000</u>	-
		<u>₱ 806,089,089</u>	<u>₱ -</u>	<u>₱ 806,089,089</u>	<u>₱ -</u>

	Notes	31-Dec-24 (Audited)			
		Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
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	<u>2,653,611</u>	<u>-</u>	<u>2,653,611</u>	<u>-</u>
		<u>₱ 72,978,816</u>	<u>₱ -</u>	<u>₱ 72,974,316</u>	<u>₱ 4,500</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Payables	15	₱114,641,025	₱ -	₱114,641,025	₱ -
Advances from shareholders	25	36,583,318	-	36,583,318	-
Loans payable	17	<u>651,450,000</u>	<u>-</u>	<u>651,450,000</u>	<u>-</u>
		<u>₱ 802,674,343</u>	<u>₱ -</u>	<u>₱ 802,674,343</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.

31-Mar-25 (Unaudited)

	Loans Payable (Note 17)	Advances from shareholders (Note 25)	Total
Balance as of January 1, 2025...	₱ 651,450,000	₱ 36,583,318	₱ 688,033,318
Cash flow from Financing Activities:			
Additional Borrowing	-	3,885,618	3,885,618
Repayment of Borrowing	(5,650,000)	-	(5,650,000)
Balance, March 31, 2025	<u>₱ 645,800,000</u>	<u>₱ 40,468,936</u>	<u>₱ 686,268,936</u>

December 31, 2024 (Audited)

	Loans Payable (Note 17)	Advances from shareholders (Note 25)	Total
Balance as of January 1, 2024	₱ 712,000,000	₱ -	₱ 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>₱ 651,450,000</u>	<u>₱ 36,583,318</u>	<u>₱ 688,033,318</u>

NOTE 31 - OTHER MATTERS

There were no significant events or transactions for the quarter that had a major impact on the

Company's financial condition and performance that were not disclosed in the unaudited interim financial statements.

There were no material events subsequent to the interim period, which have not been reflected in the unaudited interim financial statements.

The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

There are no assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current period.

The nature and amount of changes in estimates of amounts reported in prior interim periods of the current fiscal year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.

The key assumptions concerning the future and other key sources of estimation used the preparation of the unaudited interim financial statements are consistent with those followed in preparation of the Company's annual financial statements as of and for the year ended December 31, 2024.

The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

There were no material changes in the composition of the Company for this quarter.

Changes in contingent liabilities or contingent assets since the last annual reporting date.

There are no material changes in contingent assets and liabilities since the last annual financial reporting date.

Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.

There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

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

Current Ratio

	<u>31-Mar-25</u>	<u>31-Dec-24</u>
Total current assets	₱ 111,442,850	₱ 94,295,742
Total current liabilities	<u>266,284,575</u>	<u>263,566,227</u>
Current ratio	<u>0.419:1</u>	<u>0.358:1</u>

Quick Ratio

	<u>31-Mar-25</u>	<u>31-Dec-24</u>
Total liquid asset	₱ 104,844,566	₱ 90,021,723
Total current liabilities	<u>266,284,575</u>	<u>263,566,227</u>
Quick ratio	<u>0.394:1</u>	<u>0.342:1</u>

Working Capital to Total Asset

	<u>31-Mar-25</u>	<u>31-Dec-24</u>
Working capital	₱ (154,841,725)	₱ (169,270,485)
Total assets	<u>1,185,350,885</u>	<u>1,171,884,057</u>
Working capital ratio	<u>-0.131:1</u>	<u>-0.144:1</u>

Solvency Ratio

	<u>31-Mar-25</u>	<u>31-Dec-24</u>
Net income (loss) after tax + Depreciation	₱ 9,353,373	₱ (14,491,671)
Total liabilities	<u>807,084,575</u>	<u>804,366,227</u>
Solvency ratio	<u>0.012:1</u>	<u>-0.018:1</u>

Debt-to-equity Ratio

	<u>31-Mar-25</u>	<u>31-Dec-24</u>
Total liabilities	₱ 807,084,575	₱ 804,366,227
Total equity	<u>378,266,310</u>	<u>367,517,830</u>
Debt-to-equity ratio	<u>2.134:1</u>	<u>2.189:1</u>

TAGUM GLOBAL MEDICAL CENTER, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE
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FINANCIAL SOUNDNESS INDICATORS

Asset-to-equity Ratio

	<u>31-Mar-25</u>	<u>31-Dec-24</u>
Total assets	₱ 1,185,350,885	₱ 1,171,884,057
Total equity	<u>378,266,310</u>	<u>367,517,830</u>
Asset to equity ratio	<u><u>3.134:1</u></u>	<u><u>3.189:1</u></u>

Interest Rate Coverage Ratio

	<u>31-Mar-25</u>	<u>31-Dec-24</u>
Pre-tax profit (loss) before interest	₱ 20,449,720	₱ 3,761,021
Interest	<u>15,998,094</u>	<u>56,503,113</u>
Interest rate ratio	<u><u>1.278:1</u></u>	<u><u>0.067:1</u></u>

Profitability Ratios

	<u>31-Mar-25</u>	<u>31-Dec-24</u>
Net profit (loss) after tax	₱ 2,798,480	₱ (41,718,025)
Total equity	<u>378,266,310</u>	<u>367,517,830</u>
	<u><u>0.007:1</u></u>	<u><u>-0.114:1</u></u>

a.) *Return on asset ratio*

	<u>31-Mar-25</u>	<u>31-Mar-24</u>
Net income (loss) after tax	₱ 2,798,480	₱ (20,576,549)
Average assets	<u>1,178,617,471</u>	<u>1,124,603,431</u>
	<u><u>0.002:1</u></u>	<u><u>-0.018:1</u></u>

b.) *Return on equity ratio*

	<u>31-Mar-25</u>	<u>31-Mar-24</u>
Net profit (loss) after tax	₱ 2,798,480	₱ (20,576,549)
Average equity	<u>372,892,070</u>	<u>294,469,412</u>
	<u><u>0.008:1</u></u>	<u><u>-0.07:1</u></u>

c.) *Gross Profit Margin Ratio*

	<u>31-Mar-25</u>	<u>31-Mar-24</u>
Net profit (loss) before tax	₱ 4,451,626	₱ (27,434,127)
Gross profit	<u>26,291,293</u>	<u>(5,899,450)</u>
	<u><u>0.17:1</u></u>	<u><u>4.65:1</u></u>

TAGUM GLOBAL MEDICAL CENTER, INC.
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d.) Net Profit Margin

	<u>31-Mar-25</u>	<u>31-Mar-24</u>
Net profit (loss) after tax	₱ 2,798,480	₱ (20,576,549)
Revenue	<u>77,519,450</u>	<u>13,917,166</u>
	<u>0.036:1</u>	<u>-1.479:1</u>

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
For the Reporting Period Ended March 31, 2025

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

Unappropriated Retained Earnings, beginning of reporting period	(P80,008,920)
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
• Reversal of Retained Earnings Appropriation/s	-
• Effect of restatements or prior-period adjustments	-
• Others	-
	-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
• Dividends declaration during the reporting period	-
• Retained Earnings appropriated during the reporting period	-
• Effect of restatements or prior-period adjustments	-
• Others	-
	-
Unappropriated Retained Earnings, as adjusted	(80,008,920)
Add/Less: Net Income (Loss) for the current year	2,798,480
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
•	
• 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	-
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)	
• 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 March 31, 2025

TAGUM GLOBAL MEDICAL CENTER, INC.

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

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)	
• 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	-
Adjusted Net Income (Loss)	2,798,480
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
• Depreciation on revaluation increment (after tax)	-
• Sub-total	-
Add/Less: Category E: Adjustments related to relief granted by SEC and BSP	
• Amortization of the effect of reporting relief	-
• Total amount of reporting relief granted during the year	-
• Others	-
• Sub-total	-
Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution	
• 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	-
TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD AVAILABLE FOR DIVIDEND DECLARATION	(P77,210,440)