

COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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(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

1347
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, 2026**
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	218,250 shares
FOUNDERS SHARE, P1,000 PAR VALUE	600 shares / ₱800,451,275

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, 2026 (with comparative figures as at December 31, 2025 (Audited) and for the three months ended March 31, 2025 (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, 2026 (Unaudited)	December 31, 2025 (Audited)	Horizontal Analysis		Vertical Analysis	
			Inc(Dec)	%age	March 31, 2026	December 31, 2025
ASSETS						
Current Assets						
Cash	₱ 45,105,902	₱ 57,056,864	(11,950,962)	-21%	4%	5%
Trade and other receivables	64,415,416	54,908,580	9,506,836	17%	5%	4%
Inventories	24,430,487	31,969,645	(7,539,158)	-24%	2%	3%
Prepayments and other current assets	16,443,967	13,682,048	2,761,919	20%	1%	1%
Total Current Assets	150,395,772	157,617,137	(7,221,365)	-5%	12%	13%
Non-current Assets						
Advances to suppliers	15,011,059	13,585,151	1,425,908	10%	1%	1%
Property and equipment - net	1,052,311,838	1,049,724,651	2,587,187	0%	85%	85%
Intangible asset, net	1,004,167	1,086,667	(82,500)	-8%	0%	0%
Financial Asset at FVOCI	4,950	4,950	-	0%	0%	0%
Refundable deposit	2,653,611	2,653,611	-	0%	0%	0%
Deferred tax asset	15,354,325	14,682,110	672,215	5%	1%	1%
Total Non-Current Assets	1,086,339,950	1,081,737,140	4,602,810	0%	88%	87%
Total Assets	₱ 1,236,735,722	₱ 1,239,354,277	(2,618,555)	0%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	₱ 165,145,905	₱ 162,837,562	2,308,343	1%	13%	13%
Advances from shareholders	9,303,368	10,261,874	(958,506)	100%	1%	1%
Loans payable	95,836,338	81,481,338	14,355,000	18%	8%	7%
Deposit for future stock subscription	10,000,000	10,000,000	-	0%	1%	1%
Other current liabilities	3,860,137	4,401,762	(541,625)	-12%	0%	0%
Total Current Liabilities	284,145,748	268,982,536	15,163,212	6%	23%	22%
Non-Current Liabilities						
Loans payable	516,305,527	545,818,421	(29,512,894)	-5%	42%	44%
Total Liabilities	800,451,275	814,800,957	(14,349,682)	-2%	65%	66%
Equity						
Share capital	218,850,000	218,300,000	550,000	0%	18%	18%
Share premium	286,400,000	273,200,000	13,200,000	5%	23%	22%
Accumulated deficit	(68,965,553)	(66,946,680)	(2,018,873)	3%	-6%	-5%
Equity, Net	436,284,447	424,553,320	11,731,127	3%	35%	34%
Total Liabilities and Equity	₱ 1,236,735,722	₱ 1,239,354,277	(2,618,555)	0%	100%	100%

As of March 31, 2026, the assets of the Company amount to ₱1,236,735,722, 0.2% or ₱2,618,555 lower than the December 31, 2025 balance of ₱1,239,354,277. The decrease was caused by the decrease in cash, inventories and intangible assets. This was negated by the increase in trade and other receivables, prepayments and other current assets, advances to suppliers and deferred tax asset.

Cash decreased by ₱11,950,962. The decrease in cash was primary due to acquisition of property and equipment and principal and interest payments on loans. This is negated by the proceeds from issuance of shares, advances from shareholders and cash generated from operation.

Trade and other receivables increased by ₱9,506,306. This was due to increase in receivables from HMO and government assistance.

Inventories decreased by ₱7,539,258 primarily due to decrease in hospital suppliers.

Prepayments and other current assets increased by ₱2,761,919. This is primarily due to the increase in prepaid income tax and input tax.

Advances to suppliers increased by ₱1,425,908 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 0.2% or ₱2,587,187. The decrease was primarily due to depreciation for the first quarter of 2025 amounting to ₱6,594,996. This is negated by the additional capital expenditures amounting to ₱9,182,183.

Intangible asset decreased by ₱82,500. The decrease was primarily due to amortization for the first quarter of 2026.

There was no movement in Financial asset at FVOCI.

There is no movement in refundable deposit.

Deferred tax asset increased by ₱672,715 due to the additional DTA on NOLCO and DTA on additional allowance for credit losses in the first quarter of 2026.

Total liabilities decreased by ₱14,349,682. The decrease was primarily due to payment of loans payable, advances from shareholders and decrease in other current liabilities. This is negated by the increase in trade and other payables.

Trade and other payables increased by ₱2,308,343 primarily due to increase in trade payable in relation to the Company's operation.

Advances from shareholders for the three months ended March 31, 2026 decreased by ₱958,506. This was primarily due to partial payment of advances from shareholders.

Other current liabilities decrease by ₱541,625 primarily due to payment of BIR and statutory liabilities.

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, negated by the negative result of operation for the first quarter of 2026. Net increased in equity amounted to ₱11,731,127 or 3%.

Material Changes in Financial Condition

a. Cash decreased by ₱11.95M
The decrease in cash was primary due to acquisition of property and equipment and principal and interest payments on loans. This is negated by the proceeds from issuance of shares, advances from shareholders and cash generated from operation.
b. Trade and other receivables increased by ₱9.51M
This was due to increase in receivables from HMO and government assistance.
c. Inventories decreased by ₱7.54M
Primarily due to decrease in hospital suppliers.
d. Prepayments and other current assets increased by ₱2.76M
This is primarily due to the increase in prepaid income tax and input tax.
e. Advances to suppliers increased by ₱1.426M
This is primarily due to additional advance payment made to suppliers, net of application of advance payment on the acquisition of property and equipment and supplies
f. Property and equipment decreased by ₱2.5M
The decrease was primarily due to depreciation for the first quarter of 2025 amounting to ₱6,594,996. This is negated by the additional capital expenditures amounting to ₱9,182,183.
g. Intangible asset decreased by ₱.0825M
The decrease was primarily due to amortization for the first quarter of 2026.
h. Deferred tax asset increased by ₱0.673M
Due to the additional DTA on NOLCO and DTA on additional allowance for credit losses in the first quarter of 2026.
i. Trade and other payables increased by ₱2.31M
Primarily due to increase in trade payable in relation to the Company's operation.
j. Advances from shareholders decreased by ₱.959M
Due to partial payment of advances from shareholders.
k. Loans payable decreased by ₱15.16M
Primarily due to the principal repayment of loans obtained from the bank
l. Other current liabilities decreased by ₱.541M
Due to payment of statutory and BIR liabilities.
m. Equity increased by ₱11.731M
Primarily due to the issuance of shares and additional share premium, negated by the negative result of operation for the first quarter of 2026

RESULTS OF OPERATIONS

The following table shows the consolidated financial highlights of the Company for the three months ended March 31, 2026 and 2025:

	For the three months ended		Horizontal Analysis		Vertical Analysis	
	31-Mar-26	31-Mar-25	Inc (Dec)	%age	31-Mar-26	31-Mar-25
Revenue	₱ 92,747,693	₱ 77,519,450	₱ 15,228,243	-19.64%	100%	100%
Other income	1,436,598	2,046,655	610,057	-29.81%	2%	3%
Cost of sales and services	(65,370,480)	(51,228,157)	14,142,323	27.61%	-70%	-66%
Operating expenses	(18,098,388)	(7,888,228)	10,210,160	129.44%	-20%	-10%
Finance cost	(13,406,511)	(15,998,094)	(2,591,583)	-16.20%	-14%	-21%
Income tax benefit (expense)	672,215	(1,653,146)	2,325,361	-140.66%	1%	-2%
Net income (loss)	₱ (2,018,873)	₱ 2,798,480	₱ 4,817,353	-172.14%	-2%	4%

As disclosed in Note 1 in the financial statements, the Company launched its full opening and commercial operations on December 18, 2023.

Revenue increased by 19.64%, reflecting higher patient volume as the Hospital continued its third year of full operations, compared to the first quarter of 2025.

Other income declined by 29.81% compared to the period ended March 31, 2025, largely due to the one-time recognition of recovery of allowance for credit losses in the prior year.

Cost of sales and services increased by 27.61%, reflecting higher patient volume and revenue growth as the Company progressed through its third year of full operations and continued to build its reputation in Tagum.

Operating expenses increased by 129.44% for the three months ended March 31, 2026, compared to the same period in 2025, mainly driven by the Company's expanded operations.

Finance costs decreased by 16.20%, driven by the reduction in outstanding principal following repayments during the period.

The Company recognized an income tax benefit for the first quarter of 2026, primarily due to a loss from operations during the period, in contrast to the income reported in the first quarter of 2025.

The net loss for the period ended March 31, 2026, compared with net income in 2025, was primarily attributable to higher operating expenses as the Company progressed through its third year of operations.

Material Changes in Operating Results

<p>a. Revenue increased by 19.64% Revenue increased by 19.64%, reflecting higher patient volume as the Hospital continued its third year of full operations, compared to the first quarter of 2025.</p>
<p>b. Other income decreased by 29.81% This was mainly due to the one-time recognition of recovery of allowance for credit losses in the prior year.</p>
<p>c. Cost of sales and services increased by 27.61% Cost of sales and services increased by 27.61%, reflecting higher patient volume and revenue growth as the Company progressed through its third year of full operations and continued to build its reputation in Tagum.</p>
<p>d. Operating expenses increased by 129.44% Operating expenses increased by 129.44% for the three months ended March 31, 2026, compared to the same period in 2025, mainly driven by the Company's expanded operations.</p>
<p>e. Finance cost decreased by 16.20% Finance costs decreased by 16.20%, driven by the reduction in outstanding principal following repayments during the period.</p>
<p>f. Income tax expense decreased by 140.66% The Company recognized an income tax benefit for the first quarter of 2026, primarily due to a loss from operations during the period, in contrast to the income reported in the first quarter of 2025.</p>
<p>g. Net income decreased by 172.14% The net loss for the period ended March 31, 2026, compared with net income in 2025, was primarily attributable to higher operating expenses as the Company progressed through its third year of operations.</p>

THE COMPANY'S KEY PERFORMANCE INDICATORS

	Mar 31, 2026	Mar 31, 2025
<p>1. Liquidity a. Quick ratio - capacity to cover its short-term obligations using only its most liquid assets. [(cash + A/R+inventories) / current liabilities]</p>	0.47:1	0.39:1

b. Current ratio - capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)	0.53:1	0.42:1
2. Solvency a. Debt to equity ratio - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	1.835:1	2.134:1
3. Profitability a. Net profit margin - ability to generate surplus for stockholder (net income / sales)	(0.02):1	0.036:1
b. Return on equity - ability to generate returns on investment of stockholders. (net income /average equity)	(0.005):1	0.008:1
4. Leverage b. Debt to total asset ratio - the proportion of total assets financed by creditors. (total debt / total assets)	0.647:1	0.681:1
c. Asset to equity ratio - indicator of the overall financial stability of the Company. (total assets / equity)	2.835:1	3.134:1
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)	0.799:1	1.278:1

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 4, 2026


DRA. EVELYN ROSS H. PERDIDO
Treasurer

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Date: May 4, 2026

**TAGUM GLOBAL
MEDICAL CENTER, INC.**

UNAUDITED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2026
*(With Comparative Figures as at December 31, 2025 and
Three Months Ended March 31, 2025)*

TAGUM GLOBAL MEDICAL CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2026 and December 31, 2025

	<i>Notes</i>	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
<u>ASSETS</u>			
Current Assets			
Cash	4,5,6	₱ 45,105,902	₱ 57,056,864
Trade and other receivables	4,5,7	64,415,416	54,908,580
Inventories	4,5,8	24,430,487	31,969,645
Prepayments and other current assets	4,5,9	16,443,967	13,682,048
Total Current Assets		150,395,772	157,617,137
Non-current Assets			
Advances to suppliers	4,5,10	15,011,059	13,585,151
Property and equipment - net	4,5,11	1,052,311,838	1,049,724,651
Intangible asset, net	4,5,12	1,004,167	1,086,667
Financial Asset at FVOCI	4,5,13	4,950	4,950
Refundable deposit	4,5,14	2,653,611	2,653,611
Deferred tax asset	4,5,26	15,354,325	14,682,110
Total Non-Current Assets		1,086,339,950	1,081,737,140
TOTAL ASSETS		₱ 1,236,735,722	₱ 1,239,354,277
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Trade and other payables	4,15	₱ 165,145,905	₱ 162,837,562
Advances from shareholders	4,25	9,303,368	10,261,874
Loans payable	4,17	95,836,338	81,481,338
Deposit for future stock subscription	4,18	10,000,000	10,000,000
Other current liabilities	4,16	3,860,137	4,401,762
Total Current Liabilities		284,145,748	268,982,536
Non-Current Liabilities			
Loans payable	4,17	516,305,527	545,818,421
Total Liabilities		800,451,275	814,800,957
Equity			
Share capital	4,19	218,850,000	218,300,000
Share premium	4,19	286,400,000	273,200,000
Accumulated deficit	4	(68,965,553)	(66,946,680)
Equity, net		436,284,447	424,553,320
TOTAL LIABILITIES AND EQUITY		₱ 1,236,735,722	₱ 1,239,354,277

(See accompanying Notes to Financial Statements)

TAGUM GLOBAL MEDICAL CENTER, INC.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS) For The Three Months Ended March 31, 2026 and March 31, 2025

	<i>Notes</i>	March 31, 2026 (Unaudited)	March 31, 2015 (Unaudited)
REVENUE, net	4,20	₱ 92,747,693	₱ 77,519,450
COST OF SALES AND SERVICES	4,21	(65,370,480)	(51,228,157)
GROSS INCOME (LOSS)		27,377,213	26,291,293
OPERATING EXPENSES	4,22	(18,098,388)	(7,888,228)
OTHER INCOME	4,23	1,436,598	2,046,655
FINANCE COST	4,17	(13,406,511)	(15,998,094)
INCOME (LOSS) BEFORE INCOME TAX		(2,691,088)	4,451,626
INCOME TAX BENEFITS	4,26		
Current		-	-
Deferred		672,215	(1,653,146)
INCOME (LOSS) FOR THE PERIOD		(2,018,873)	2,798,480
COMPREHENSIVE INCOME (LOSS)		-	-
TOTAL COMPREHENSIVE LOSSES		-	-
FOR THE PERIOD		₱ (2,018,873)	₱ 2,798,480

(See accompanying Notes to Financial Statements)

TAGUM GLOBAL MEDICAL CENTER, INC.

STATEMENTS OF CHANGES IN EQUITY

For The Three Months Ended March 31, 2026 and March 31, 2025

	<i>Notes</i>	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
SHARE CAPITAL	<i>4,19</i>		
Balance, beginning of the period		₱ 218,300,000	₱ 216,910,000
Issuance		550,000	370,000
Balance, end of the period		<u>218,850,000</u>	<u>217,280,000</u>
SHARE PREMIUM	<i>4,19</i>		
Balance, beginning of the period		₱ 273,200,000	₱ 220,616,750
Additions		13,200,000	7,580,000
Balance, end of the period		<u>286,400,000</u>	<u>228,196,750</u>
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION	<i>4,18</i>		
Balance, beginning of the period		₱ -	₱ 10,000,000
Additions		-	-
Balance, end of the period		<u>-</u>	<u>10,000,000</u>
ACCUMULATED DEFICITS	<i>4</i>		
Balance, beginning of the period		(66,946,680)	(80,008,920)
Net income (loss) for the period		(2,018,873)	2,798,480
Balance, end of the period		<u>(68,965,553)</u>	<u>(77,210,440)</u>
EQUITY, net		<u>₱ 436,284,447</u>	<u>₱ 378,266,310</u>

(See accompanying Notes to Financial Statements)

TAGUM GLOBAL MEDICAL CENTER, INC.

STATEMENTS OF CASH FLOWS

For The Three Months Ended March 31, 2026 and March 31, 2025

	<i>Notes</i>	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		₱ (2,691,088)	₱ 4,451,626
Adjustment to reconcile net loss to net cash provided by operating activities:			
Interest income	4,23	(293)	(371)
Depreciation and amortization	4,11,12	6,677,496	6,554,893
Operating loss before changes in working capital		3,986,115	11,006,148
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables	4,5,7	(9,506,836)	26,890,950
Inventories	4,5,8	7,539,158	(1,192,112)
Prepayments and other current assets	4,5,9	(1,867,153)	(1,933,179)
Increase (decrease) in:			
Trade and other payables	4,15	2,308,343	5,179,128
Other current liabilities	4,16	(541,625)	(696,398)
Cash (used in) generated from operation		1,918,002	39,254,537
Income tax paid	4,26	(894,766)	(391,086)
Interest received	4,23	293	371
Net cash (used in) provided by operating activities		1,023,529	38,863,822
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to suppliers	4,5,10	(1,425,908)	(26,780)
Acquisition of property and equipment	4,5,11	(9,182,183)	(4,500,979)
Net cash used in investing activities		(10,608,091)	(4,527,759)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares	4,19	13,750,000	7,950,000
Advances from shareholders	4,25	(958,506)	3,885,618
Payments of loan	4,17	(15,157,894)	(5,650,000)
Net cash provided by financing activities		(2,366,400)	6,185,618
NET (DECREASE) INCREASE IN CASH		(11,950,962)	40,521,681
CASH AT THE BEGINNING OF THE YEAR		57,056,864	7,916,354
CASH AT THE END OF THE YEAR		₱ 45,105,902	₱ 48,438,035

(See accompanying Notes to Financial Statements)

TAGUM GLOBAL MEDICAL CENTER, INC.
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS
March 31, 2026, December 31, 2024 and March 31, 2025

NOTE 1 - GENERAL INFORMATION

TAGUM GLOBAL MEDICAL CENTER, INC. (the Company) is a stock corporation duly 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, operate, maintain, own, and manage hospitals and other healthcare-related facilities and services, including but not limited to clinical laboratories, diagnostic centers, ambulatory clinics, and similar healthcare institutions. The Company may also engage in allied services such as medical, surgical, nursing, therapeutic, paramedical, and other related healthcare services. Professional medical and surgical services are rendered by duly qualified and licensed physicians and surgeons who may or may not be connected with the Company and whose services are contracted independently by patients.

On March 10, 2022, the SEC approved the Company's Permit to Offer Securities for Sale under SEC MSRD Order No. 12, Series of 2022. The permit covers the offering of 36,000 common shares, equivalent to 3,600 blocks (with 10 shares per block), at an offer price ranging from ₱200,000 to ₱400,000 per block, for an aggregate principal amount of up to ₱1,000,000,000.

The Company's registered office is located at Room 227, 2nd Floor, Gabriel Building, corner Apokon and National Highway, Tagum City, Davao del Norte. Its principal place of operations is situated at Brgy. Visayan Village, Tagum City, Davao del Norte.

Status of Operation

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

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The unaudited interim financial statements of the Company have been prepared in accordance with the Philippine Financial Reporting Standard (PFRS) Accounting Standards.

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, 2025.

Basis of Preparation and Measurement

The Company has prepared the unaudited interim financial statements as at and for the three months ended March 31, 2026 and year ended December 31, 2025 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 (₱) 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 Accounting Judgement and Estimates
- Note 29 - Fair Value Measurement

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

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

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

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Company adopted all applicable accounting standards and interpretations as at March 31, 2026. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the Financial and Sustainability Reporting Standards Council (FSRSC) in the Philippines, that were assessed by the Management to be applicable to the Company's financial statements are as follows:

Adoption of Amended Standards Effective Beginning on or after January 1, 2026:

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended Standards which the Company adopted effective for annual periods beginning January 1, 2026.

Unless otherwise indicated, the adoption of the new and amended standards did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

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

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

The amendments clarify that a 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 derecognize 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 material impact on the financial statements of the Company.

- Annual Improvements to PFRS Accounting Standards—Volume 11

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

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

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

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

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

- Amendments to PFRS 9

- 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.

- Transaction Price

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

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

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

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.

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

New and Amended PFRS and PIC Issuances in Issue but Not Yet Effective or Adopted

Unless otherwise indicated the Company does not expect that the future adoption of the said pronouncements to have a significant impact on the financial statements. The Company intends to adopt the following pronouncements when they become effective;

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 preliminary assessment, the management believes that the adoption of PFRS 18 will not affect total profit or equity of the Company. However, the adoption may affect the subtotals and performance measures presented in the statement of comprehensive income. The Company is continuously evaluating the full impact of this new standard on its financial statements.

- *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.

In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

The application of the standard is optional for eligible entities.

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

- *Amendments to PAS 21, Translation to a Hyperinflationary Presentation Currency*

The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

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

Deferred effectivity

- *Amendments to PFRS 10 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 FSRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the company financial statements in the year of adoption, if applicable.

NOTE 4 - MATERIAL ACCOUNTING POLICY INFORMATION

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.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on current/noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as noncurrent.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

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

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

Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVTPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either (a) financial liabilities at FVTPL or (b) financial liabilities at amortized cost. The classification of a financial instruments largely depends on the Company’s business model and its contractual cash flow characteristics.

As at March 31, 2026 and December 31, 2025, the Company does not have financial assets and liabilities at FVTPL.

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 the statements of income when the financial assets are derecognized, modified or impaired. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at March 31, 2026 and December 31, 2025, 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.

Receivables

Patient receivables are amounts due from patients for the services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Patient receivables with average credit term of 15 to 30 days are measured at the original invoice amount (as the effect of discounting is immaterial), less any provision for impairment.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment, if any.

The relevant policies on classification, recognition, measurement, impairment and derecognition are further disclosed below.

Receivables are recognized only when it becomes a party to a contractual provision that give rise to a payable of another entity. They are initially recognized at the transaction price including transaction cost and subsequently measured at amortized cost using the effective interest rate. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent assets.

Receivables are derecognized when the right to receive cash flows from the receivables have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

At the end of each reporting date, the amounts of receivable are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in the Company's statements of comprehensive income. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

Financial Assets at FVOCI.

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

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

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

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

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

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

As at March 31, 2026 and December 31, 2025, the Company's financial assets carried at FVOCI is presented in Note 13.

Financial liabilities

Classification and presentation

The Company classifies its financial liabilities in the following categories: (i) at amortized cost; and (ii) at fair value through profit or loss.

The Company did not hold any financial liabilities under category (ii) during and at the end of each reporting period.

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.

Financial liabilities are recognized in the statement of financial position when, and only when the Company becomes a party to the contract provisions of the instrument.

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, 2026 and December 31, 2025, the Company's payables, loans payable and advances from shareholders are classified under this category (Notes 15, 17 and 25).

Trade and Other Payables

Payables are recognized when the Company becomes a party to the contractual provision that gives rise to a 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.

Reclassification

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

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

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

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

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

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

Impairment of Financial Assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Loss allowances of the Company are measured on either of the following bases:

- 12-month expected credit losses (ECLs) - these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs - these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all patient receivables arising from individual patients, corporate accounts, health maintenance organizations and insurance companies. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with PFRS 15.

Additionally, the Company elects an accounting policy to recognize full lifetime expected losses for all contract assets and/or all trade receivables that do constitute a financing transaction in accordance with PFRS 15.

General approach

The Company applies the general approach to provide for ECLs on non-trade receivables. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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 weighted average 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 and other current assets consist of prepaid expenses, prepaid income tax, input value-added tax (VAT) and advances for liquidation. These are initially measured at cost and are subsequently carried at cost less the portion already utilized.

Prepaid expenses represent payments made in advance for goods or services to be received in future periods. These are recognized as current assets upon payment.

These are recognized in profit or loss on a systematic basis over the period in which the related goods or services are consumed.

Prepaid expenses are derecognized when the related benefits have been consumed or when no future economic benefits are expected.

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.

Input VAT represents the value-added tax paid by the Company on its purchases of goods and services from VAT-registered suppliers. It is recognized as a current asset to the extent that it is recoverable by tax authorities or creditable against output VAT. Input VAT is applied against output VAT in determining the VAT payable. Any excess of input VAT over output VAT is carried forward to subsequent periods and presented as a current asset.

Input VAT is measured at the amount of VAT paid and is carried at cost less any allowance for unrecoverable amounts, if any.

An allowance is recognized when there is objective evidence that a portion of input VAT may not be recoverable. The corresponding loss is recognized in profit or loss.

Input VAT is derecognized when it is utilized against output VAT or when it is determined to be no longer recoverable.

Prepayments and other current assets are classified as current assets when they are expected to be realized, consumed, or applied within twelve (12) months after the reporting date or within the Company's normal operating cycle. Otherwise, these are classified as non-current assets.

At each reporting date, prepaid expenses are assessed for impairment when there is an indication that the expected future economic benefits may not be fully recoverable. Any impairment loss is recognized in profit or loss.

Advances to Suppliers

Advances to suppliers represent payments made to suppliers for the purchase of medical equipment, instruments, supplies and other goods prior to the delivery of such goods. These are recognized as current assets when payment is made, as they represent a right to receive inventories or services in the future.

Advances to suppliers are initially measured at the amount of cash paid or consideration given. These are subsequently carried at cost, less any impairment losses, if any.

Upon receipt of the related goods, advances to suppliers are reclassified to inventories. Where the advances relate to services or other expenditures, these are reclassified to the appropriate expense or asset account, depending on the nature of the transaction.

At each reporting date, advances to suppliers are assessed for impairment when there is objective evidence that the Company may not be able to recover the full amount.

An impairment loss is recognized when the carrying amount exceeds the recoverable amount, taking into account factors such as supplier non-performance, disputes, or financial difficulties. Impairment losses are recognized immediately in profit or loss.

Advances to suppliers are derecognized when:

- the related goods or services have been received and recognized; or
- the right to receive goods or services is extinguished or no longer recoverable.

Any resulting loss on derecognition is recognized in profit or loss.

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.

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. 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.

Deferred Tax Assets

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax losses, and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward benefits can be utilized.

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

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 taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Previously unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Refundable Deposits

Refundable deposits represent amounts paid to lessors, utility providers, and other parties as security for the performance of contractual obligations.

These deposits are initially recognized at the transaction price. Subsequently, refundable deposits are measured at amortized cost, less any impairment, if applicable.

Refundable deposits are classified as non-current assets unless they are expected to be recovered within twelve (12) months from the reporting date, in which case they are presented as current assets.

The Company assesses at each reporting date whether there is objective evidence of impairment. If such evidence exists, an impairment loss is recognized in profit or loss.

Impairment of Non- Financial Assets

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

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

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

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

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

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 (i.e., transfers control of the related goods or services to the customer).

Other Current Liabilities

Other current liabilities consist primarily of government taxes payable and statutory payables, including obligations to government agencies arising in the ordinary course of business.

These liabilities are recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Other current liabilities are presented in the statement of financial position at their undiscounted amounts, as they are generally expected to be settled within one year.

Advances from Shareholders

Advances from shareholders represent non-trade payables arising from transactions with shareholders other than equity contributions.

Advances from shareholders are recognized as financial liabilities, when the Company becomes a party to the contractual arrangement.

These balances are initially measured at transaction price and subsequently measured at amortized cost, using the straight-line method or effective interest method, as applicable.

Advances from or to shareholders are classified as current or non-current depending on the expected timing of settlement.

If the advances are non-interest bearing, they are measured at transaction price, unless the arrangement constitutes, in substance, an equity contribution or distribution.

Deposit for Future Stock Subscription

Deposits for future stock subscription represent amounts received from investors for which no shares have yet been issued as of the reporting date.

The Company recognizes deposits for future stock subscription as part of equity only when all of the following conditions are met:

1. The deposit is non-refundable.
2. The deposit is unconditionally committed by the subscriber; and
3. The Company has obtained, or is in the process of obtaining, the necessary regulatory approvals (e.g., approval from the Securities and Exchange Commission) for the issuance of shares.

If any of the above conditions are not satisfied, the deposit is recognized as a financial liability under “Other payables” or a similar account.

Deposits for future stock subscription are initially measured at the amount of cash or fair value of consideration received.

- When classified as equity, the deposit is not remeasured subsequently.
- Upon approval of the stock subscription and issuance of shares, the deposit is reclassified to:
 - Share capital (for the par value of shares issued); and
 - Additional paid-in capital (for any excess over par value).

If the deposit is classified as a liability, it is subsequently measured at amortized cost, unless it is payable on demand, in which case it is carried at the undiscounted amount.

Loans Payable

Bank loans are recognized initially at the transaction price, which is the fair value of the consideration received, net of directly attributable transaction costs, if any.

Subsequent to initial recognition, bank loans are measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss over the term of the loan based on the applicable interest rate.

Borrowings are classified as current liabilities when they are due to be settled within twelve (12) months after the reporting date, or when the Company does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting date. All other borrowings are classified as non-current liabilities.

Retention Payable

Retention payable represents a portion of billings withheld by the Company from contractors and suppliers in accordance with construction contracts, to ensure satisfactory completion of contractual obligations and to cover potential defects during the defect liability period.

Retention payable is recognized:

- When the related construction work or services have been performed and certified; and
- When the Company has a present obligation to pay the contractor, subject only to the retention provision.

The retained amount forms part of the total contract cost of the hospital building and is initially recognized as part of:

- Construction in progress (CIP) (if the asset is not yet completed); or
- Property and equipment (upon completion and capitalization).

Retention payable is measured at the contracted retention rate, as stipulated in the construction agreement.

It is initially recognized at fair value, which normally equals the invoiced retention amount, as the effect of discounting is generally not material due to the short-term nature of the obligation.

After initial recognition, retention payable is measured at amortized cost, which generally equals the undiscounted amount due since:

- The liability is non-interest bearing; and
- Settlement is expected within the defect liability period.

If the retention period is long-term and the impact of discounting is material, the liability is measured at present value using an appropriate discount rate.

Retention payable is classified as current liability if expected to be settled within 12 months after the reporting period or Non-current liability if settlement is expected beyond 12 months.

Retention payable is derecognized when the obligation is settled or payment is released to the contractor) or the Company is legally discharged from the obligation.

Payments are typically made upon final acceptance of the hospital building or expiry of the defect liability period, subject to no outstanding defects.

Related Considerations

- If there are identified defects or claims, the Company assesses whether a provision should be recognized in accordance with PAS 37.
- Retention payable does not reduce the cost of the asset; rather, it represents a financing arrangement with the contractor.
- Any penalties, liquidated damages, or adjustments are accounted for separately in accordance with contract terms.

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.

Basic earnings per share

Basic earnings per share (EPS) is computed by dividing the net income or loss attributable to the members of the Club by the weighted average number of outstanding equity shares during the reporting period.

Diluted earnings per share is computed by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive equity instruments, if any.

Revenue

Revenue recognition

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

Hospital revenue

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

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

Sale of drugs and medicines

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

Interest income

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

Expenses

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

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 attributable to administrative and other business activities of the Company.

Borrowing cost

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. The Company provides retirement benefits to qualified employees in accordance with Republic Act No. 7641 (Retirement Pay Law). The retirement benefit obligation is computed based on the employees' current salary multiplied by their years of service, consistent with the minimum retirement benefit prescribed under the law.

The Company accounts for retirement benefits using the accrual method. The cost of providing retirement benefits is recognized as an expense over the period in which employees render the related services. The retirement liability is measured as the present value of the defined benefit obligation at the end of the reporting period.

As of December 31, 2025, 2024 and 2023 none of the Company's employees is entitled to retirement benefits under the provisions of RA7641.

Management will reassess the need to obtain an actuarial valuation in the future should the number of employees increase, or the retirement benefit obligation become significant.

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

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

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

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

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

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

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

Subsequent events

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

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-26 (Unaudited)	31-Dec-25 (Audited)
Cash on hand	₱ 1,379,677	₱ 3,331,784
Cash in banks	43,726,225	53,725,080
	₱ 45,105,902	₱ 57,056,864

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 ₱2,953, ₱22,225 and ₱371 for the three months ended March 31, 2026, year ended December 31, 2025 and three months ended March 31, 2025, 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-26 (Unaudited)	31-Dec-25 (Audited)
Trade receivable	₱ 70,062,648	₱ 59,778,780
Advances to consultants and employees	207,246	76,593
	70,269,894	59,855,373
Allowance for credit losses	(5,854,478)	(4,946,793)
	₱ 64,415,416	₱ 54,908,580

Trade and other receivables consist primarily of trade receivables, advances to employees, and other receivables.

Trade receivables pertain to amounts due from patients for hospital and medical services rendered, including reimbursements from healthcare and government institutions such as Health Maintenance Organizations (HMOs), the Philippine Charity Sweepstakes Office (PCSO), the Philippine Social Welfare Department (PSWD), the Department of Social Welfare and Development (DSWD), and PhilHealth for services availed of by patients.

Other receivables consist mainly of advances to consultants and employees and other miscellaneous receivables arising from the Company's operations.

Trade and other receivables are initially recognized at transaction price and subsequently measured at amortized cost, net of any allowance for expected credit losses.

The Company applies the expected credit loss (ECL) model in measuring impairment of financial assets measured at amortized cost. In estimating expected credit losses, the Company considers historical credit loss experience, current conditions, and forward-looking information that may affect the collectability of receivables.

Trade receivables are assessed collectively based on shared credit risk characteristics and the aging profile of the receivables. Advances to employees and other receivables are evaluated individually or collectively depending on the nature and credit risk characteristics of the receivables.

The allowance for expected credit losses is reviewed at each reporting date and adjusted to reflect changes in credit risk and forward-looking economic factors that may affect the recoverability of receivables.

The Company recognized provision for expected credit losses amounting to ₱907,685 in 2026, and ₱3,434,609 in 2025, which is presented as part of operating expenses in the statements of comprehensive income.

A reconciliation of the allowance for expected credit losses at the beginning and end of 2026 and 2025 is shown below:

	31-Mar-26 (Unaudited)	31-Dec-2025 (Audited)
Balance at January 1	₱ 4,946,793	₱ 1,512,184
Credit losses (Note 27)	907,685	3,434,609
Recovery of allowance	-	-
Balance, December 31	<u>₱ 5,854,478</u>	<u>₱ 4,946,793</u>

NOTE 8 - INVENTORIES

This account consists of:

	31-Mar-26 (Unaudited)	31-Dec-25 (Audited)
Hospital supplies	₱ 10,084,449	₱ 17,585,121
Laboratory supplies	12,373,818	12,617,059
Office supplies	1,069,097	996,037
Linen supplies	812,192	742,081
Dietary supplies	90,931	29,347
	<u>₱ 24,430,487</u>	<u>₱ 31,969,645</u>

Inventories consist mainly of pharmacy, laboratory, and hospital supplies, which include medicines and medical supplies administered or used in the treatment and care of patients

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method and includes all costs incurred in bringing the inventories to their present location and condition.

The Company recognized as expense, inventories costing ₱36,684,331, ₱122,331,411 and ₱26,436,230 for the three months ended March 31, 2026, year ended December 31, 2025 and three months ended March 31, 2025, respectively. (Note 21)

No portion of the Company's inventories was pledged as security for any liability as of March 31, 2026 and December 31, 2025.

NOTE 9 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	31-Mar-26		31-Dec-25
	(Unaudited)		(Audited)
Prepaid income tax (Note 26)	₱ 4,067,410	₱	3,172,644
Prepayments	795,947		795,947
Prepaid withholding tax	-		27,502
Input VAT	11,580,610		9,685,955
	<u>₱ 16,443,967</u>	<u>₱</u>	<u>13,682,048</u>

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

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

Prepaid withholding tax on compensation pertains to the excess payment/remittance of withholding taxes on compensation of the employees. These are creditable on the succeeding remittance of employees withholding taxes.

Input VAT pertains to value-added taxes paid on purchases of goods and services that are creditable against future output value-added taxes in accordance with applicable tax regulations.

NOTE 10 - ADVANCES TO SUPPLIERS

This account represents prepayments made to vendors for the purchase of medical supplies, hospital equipment, and other operating requirements of the Company.

These advances are applied against future deliveries of goods and are subsequently recognized as inventories or property and equipment, depending on the nature and intended use of the items upon receipt.

Advances to suppliers are non-interest bearing and are carried at cost. The Company assesses these balances for recoverability and recognizes an allowance when there is objective evidence that the advances may not be fully recoverable.

This amounted to ₱15,011,059 and ₱13,585,151 as at March 31, 2026 and December 31, 2025, respectively.

NOTE 11 - PROPERTY AND EQUIPMENT – net

A reconciliation of the carrying amounts at the beginning and end of March 31, 2026 and December 31, 2025 of property and equipment is shown below:

31-Mar-2026 (Unaudited)

	Land	Hospital Building	Transportation Equipment	Medical Equipment & Instruments	Subtotal
Costs					
January 1, 2026	P 138,532,152	P 841,659,335	P 1,546,000	P 100,369,596	P 1,082,107,083
Additions	---	5,940,766	-	2,122,293	8,063,059
Disposal	138,532,152	-	-	-	-
Reclassification	-	-	-	-	-
March 31, 2026		847,600,101	1,546,000	102,491,889	1,090,170,142
Accumulated depreciation					
January 1, 2026	-	32,669,422	720,178	15,143,196	48,532,796
Depreciation	-	4,083,678	77,300	1,791,158	5,952,135
Disposal	-	-	-	-	-
March 31, 2026	138,532,152	P 36,753,100	797,478	16,934,354	54,484,931
Carrying amount					
March 31, 2026	P 138,532,152	P 810,847,001	P 748,522	P 85,557,535	P 1,035,685,211
Carrying amount					
December 31, 2025	P	808,989,913	P 825,822	P 85,226,400	P 1,033,574,287

Continuation

	Subtotal	Hospital Furniture and Fixtures	Office Furniture and Equipment	Other Equipment	Building Improvement	Total
Costs						
January 1, 2026	P 1,082,107,083	P 5,752,962	P 13,246,329	P 767,728	P 2,203,982	P 1,104,078,084
Additions	8,063,059	550,935	557,314	-	10,875	9,182,183
Disposal	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
March 31, 2026	1,090,170,142	6,303,897	13,803,643	767,728	2,214,857	1,113,260,267
Accumulated depreciation						
January 1, 2026	48,532,796	1,991,229	3,209,019	321,384	299,005	54,353,433
Depreciation	5,952,135	230,200	320,752	36,809	55,100	6,594,996
Disposal	-	-	-	-	-	-
March 31, 2026	54,484,931	2,221,429	3,529,771	358,193	354,105	60,948,429
Carrying amount						
March 31, 2026	P 1,035,685,211	P 4,082,468	P 10,273,872	P 409,535	P 1,860,752	P 1,052,311,838
Carrying amount						
December 31, 2025	P 1,033,574,287	P 3,761,733	P 10,037,310	P 446,344	P 1,904,977	P 1,049,724,651

December 31, 2025 (Audited)

	Land	Hospital Building	Transportation Equipment	Medical Equipment & Instruments	Subtotal
Costs					
January 1, 2025	₱ 138,532,152	₱ 821,468,791	₱ 1,546,000	₱ 88,771,003	₱ 1,050,317,946
Additions	-	20,190,544	-	11,598,593	31,789,137
Disposal	-	-	-	-	-
Reclassification	-	-	-	-	-
December 31, 2025	138,532,152	841,659,335	1,546,000	100,369,596	1,082,107,083
Accumulated depreciation					
January 1, 2025	-	16,334,711	410,978	8,148,991	24,894,680
Depreciation	-	16,334,711	309,200	6,994,205	23,638,116
Disposal	-	-	-	-	-
December 31, 2025	-	32,669,422	720,178	15,143,196	48,532,796
Carrying amount					
December 31, 2025	₱ 138,532,152	₱ 808,989,913	₱ 825,822	₱ 85,226,400	₱ 1,033,574,287
Carrying amount					
December 31, 2024	₱ 138,532,152	₱ 805,134,080	₱ 1,135,022	₱ 80,622,012	₱ 1,025,423,266

	Subtotal	Hospital Furniture and Fixtures	Office Furniture and Equipment	Other Equipment	Building Improvement	Total
Costs						
January 1, 2025	₱ 1,050,317,946	₱ 5,421,039	₱ 9,084,306	₱ 767,728	₱ 1,484,726	₱ 1,067,075,745
Additions	31,789,137	331,923	4,162,023	-	719,256	37,002,339
Disposal	-	-	-	-	-	-
December 31, 2025	1,082,107,083	5,752,962	13,246,329	767,728	2,203,982	1,104,078,084
Accumulated depreciation						
January 1, 2025	24,894,680	1,070,430	1,944,576	174,148	97,787	28,181,621
Depreciation	23,638,116	920,799	1,264,443	147,236	201,218	26,171,812
Disposal	-	-	-	-	-	-
December 31, 2025	48,532,796	1,991,229	3,209,019	321,384	299,005	54,353,433
Carrying amount						
December 31, 2025	₱ 1,033,574,287	₱ 3,761,733	₱ 10,037,310	₱ 446,344	₱ 1,904,977	₱ 1,049,724,651
Carrying amount						
December 31, 2024	₱ 1,025,423,266	₱ 4,350,609	₱ 7,139,730	₱ 593,580	₱ 1,386,939	₱ 1,038,894,124

Carrying Amounts of Pledged Assets

Certain property and equipment are pledged as collateral for the Company's borrowings (Note 17), as follows:

	31-Mar-2026 (Unaudited)	31-Dec-2025 (Audited)
Land and building	₱ 949,379,153	₱ 947,522,065
Medical equipment	85,557,535	85,226,400
	<u>₱ 1,034,936,689</u>	<u>₱ 1,032,748,465</u>

The Company bought a parcel of land with a total area of 5,000 sq. m. situated in Brgy. Visayan Village, City of Tagum, Davao Del Norte. This lot was used for the construction of hospital building. The land together with all the buildings and improvements existing or which may hereinafter exist thereon were used as collateral on loan (Note 17).

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

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

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

The Company assesses at each reporting date whether there is any indication that an item of property and equipment may be impaired, in accordance with PAS 36. As at March 31, 2026 and December 31, 2025, management determined that there are no indicators of impairment, and accordingly, no impairment loss was recognized.

Depreciation expense were presented in the statement of comprehensive income as follows (Note 20 and 21):

	31-Mar-2026 (Unaudited)	31-Dec-2025 (Audited)	31-Mar-2025 (Unaudited)
Cost of sales and services	₱ 6,237,435	₱ 24,760,134	₱ 6,139,729
Operating expenses	357,561	1,411,678	352,664
	<u>₱ 6,594,996</u>	<u>₱ 26,171,812</u>	<u>₱ 6,492,393</u>

NOTE 12 - INTANGIBLE ASSET

Intangible assets consist primarily of the Hospital Information System (HIS) acquired by the Company. These are intended to support its hospital operations, including patient information management, billing, medical records processing, and other administrative and operational functions.

Intangible assets with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses. The cost of the intangible asset includes the purchase price and other directly attributable costs necessary to bring the asset to its intended use.

Amortization is computed using the straight-line method over the estimated useful life of five (5) years, reflecting the pattern in which the future economic benefits of the asset are expected to be consumed by the Company. Amortization commences when the system becomes available for use and is recognized as part of operating expenses in the statements of comprehensive income.

A reconciliation of the carrying amounts at the beginning and end of year 2026 and 2025 is shown below:

	31-Mar-2026 (Unaudited)	31-Dec-2025 (Audited)
Cost		
Balance, beginning of the year	₱ 1,650,000	₱ 1,250,000
Additions	-	400,000
Balance, end of the year	<u>1,650,000</u>	<u>1,650,000</u>
Accumulated Amortization		
Balance, beginning of the year	563,333	233,333
Amortization	82,500	330,000
Balance at end of year	<u>645,833</u>	<u>563,333</u>
Carrying amount	<u>₱ 1,004,167</u>	<u>₱ 1,086,667</u>

The amortization of intangible asset is presented as part of cost of sales and services (Note 21).

The estimated useful life, amortization method, and residual value of the intangible asset are reviewed at least annually and adjusted prospectively, if appropriate.

Management expects that the system will continue to support hospital operations and provide economic benefits to the Company throughout its remaining useful life.

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

The Company assesses at each reporting date whether there are indicators that the intangible asset may be impaired. If such indicators exist, the Company estimates the recoverable amount of the asset in accordance with PAS 36.

Based on management’s assessment, no impairment loss was recognized on its intangible assets for the three months ended March 31, 2026 and year ended December 31, 2025, as the recoverable amount of the asset exceeds its carrying value.

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 ₱4,950 as at March 31, 2026 and December 31, 2025, respectively.

The Company earned rebates from this investment amounting to ₱nil, ₱450 and ₱nil for the three months ended March 31, 2026, year ended December 31, 2025, and three months ended March 31, 2025, respectively. (Note 23)

NOTE 14 - REFUNDABLE DEPOSIT

This account consists of:

	31-Mar-26 (Unaudited)	31-Dec-25 (Audited)
Utility deposit	₱ 2,194,811	₱ 2,194,811
Other deposit	458,800	458,800
	₱ 2,653,611	₱ 2,653,611

Refundable deposits represent amounts paid to various utility providers and other service entities in connection with the Company’s operations. These deposits are recoverable upon termination of the related service contracts, subject to compliance with the terms and conditions of the agreements.

The deposits are classified as non-current assets as they are expected to be recovered beyond twelve (12) months from the reporting date, unless otherwise settled or applied against outstanding obligations.

Refundable deposits are initially recognized at cost and subsequently measured at amortized cost, which approximates their nominal value due to their short-term or non-interest-bearing nature.

The deposits are non-interest bearing. No impairment loss has been recognized as management assessed that the amounts are fully recoverable. There are no restrictions on the recovery of these deposits other than compliance with contractual terms.

NOTE 15 - TRADE AND OTHER PAYABLES

This account consists of:

	31-Mar-26	31-Dec-25
	(Unaudited)	(Audited)
Trade payables	₱ 124,043,608	₱ 121,722,465
Retention payable	38,856,003	38,856,003
Accrued expenses	2,146,294	2,159,094
Miscellaneous deposit	100,000	100,000
	₱ 165,145,905	₱ 162,837,562

Trade payables represent unpaid balances arising from purchases of supplies and professional fees payable to doctors. These payables are non-interest bearing and are generally payable within 30 to 60 days.

Retention payable represents amounts retained by the Company from contractors' progress billings in accordance with the terms of the construction contracts. These amounts are payable upon completion of the project and acceptance of the contractor's work by the Company, subject to the terms and conditions of the construction agreement.

Accrued expenses represent liabilities for expenses incurred but not yet billed or paid as of the reporting date. These includes interest on bank loans, professional fees, utilities, salaries and wages and outside services.

Miscellaneous deposit pertains to the amount collected from HMO, which is refundable upon termination of the accreditation.

NOTE 16 - OTHER CURRENT LIABILITIES

This account consists of:

	31-Mar-26	31-Dec-25
	(Unaudited)	(Audited)
Due to BIR	₱ 3,256,485	₱ 3,320,803
Statutory payables	603,652	1,080,959
	₱ 3,860,137	₱ 4,401,762

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-26 (Unaudited)	31-Dec-25 (Audited)
Current	₱ 95,836,338	₱ 81,481,338
Non-current	516,305,527	545,818,421
Total	<u>₱ 612,141,865</u>	<u>₱ 627,299,759</u>

Development Bank of the Philippines

The Company entered into two (2) Term Loan Agreement with the Development Bank of the Philippines (DBP) with a total amount of ₱650M. The amount of loan released as at March 31, 2026 and December 2025 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 ₱949,379,153 and ₱947,522,065 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 ₱85,557,535 and ₱85,226,400 as at March 31, 2026 and December 31, 2025, 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 ₱20,849,759 as at March 31, 2026 and December 31, 2025, respectively.

Movement of loans payable is as follows:

	31-Mar-26 (Unaudited)	31-Dec-25 (Audited)
Beginning balance	₱ 627,299,759	₱ 651,450,000
Proceeds	-	-
Payments	(15,157,894)	(24,150,241)
Ending balance	₱ 612,141,865	₱ 627,299,759

Total interest recognized as expense from these loans amounted to ₱13,406,511 and ₱57,420,080 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.

On March 31, 2023, the Company has filed with the Securities and Exchange Commission its application for the increase in authorized capital. The Company recognized the deposit for future stock subscription as equity in 2024 and 2023, since the Company has met all of the conditions required for recognition to equity as of those years.

On October 28, 2025, the Company withdrew its application with Securities and Exchange Commission, consequently, the Company recognized the deposit for future stock subscription as liability.

NOTE 19 - SHARE CAPITAL

The details of the Company's authorized, issued and outstanding capital as at March 31, 2026, December 31, 2025, and March 31, 2025 are as follows:

	31-Mar-26 (Unaudited)		31-Dec-25 (Audited)		31-Mar-25 (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	600,000	600	600,000	600	600,000	600
	<u>240,000,000</u>	<u>240,000</u>	<u>240,000,000</u>	<u>240,000</u>	<u>240,000,000</u>	<u>240,000</u>
Subscribed:						
Common shares - ₱1,000 par value	218,250,000	218,250	217,700,000	217,700	216,680,000	216,680
Founder's shares – ₱1,000 par value	600,000	600	600,000	600	600,000	600
	<u>218,850,000</u>	<u>218,850</u>	<u>218,300,000</u>	<u>218,300</u>	<u>216,780,000</u>	<u>216,780</u>
Less: Subscription receivable						
Common shares - ₱1,000 par value	-	-	-	-	-	-
Issued and outstanding	<u>₱218,850,000</u>	<u>218,850</u>	<u>₱218,300,000</u>	<u>218,300</u>	<u>₱217,280,000</u>	<u>217,280</u>

A reconciliation of the outstanding shares at the beginning and end of March 31, 2026, December 31, 2025 and March 31, 2025 is shown below:

	31-Mar-26 (Unaudited)	31-Dec-25 (Audited)	31-Mar-25 (Unaudited)
Outstanding, beginning	218,300	216,910	216,910
Issuance	550	1,390	370
Reacquisition	-	-	-
Outstanding, ending	<u>218,850</u>	<u>218,300</u>	<u>217,280</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, 2026 the Company has fifty (50) 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 One Thousand Three Hundred Ninety (1,390) common shares as of December 31, 2025 at a price of 200,000 to 250,000 per block of ten (10) shares. As of December 31, 2025, total common shares sold is Fourteen Thousand Three Hundred (14,300), premium received is ₱273,200,000 and subscription receivable is ₱nil.

The Company issued additional Five Hundred Fifty (550) common shares as of March 31, 2026 at a price of 250,000 per block of ten (10) shares. As of March 31, 2026, total common shares sold Fourteen Thousand Eight Hundred Fifty (14,850), premium received is ₱286,400,000 and subscription receivable is ₱nil.

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 October 28, 2025, the Company withdrew its application with Securities and Exchange Commission, consequently, the Company recognized the deposit for future stock subscription as liability.

NOTE 20 - REVENUE

Details of the revenue from Hospital operations follows:

	31-Mar-26 (Unaudited)	31-Mar-25 (Unaudited)
Hospital revenue	₱ 90,782,993	₱ 69,418,200
Sale of drugs and medicines	16,134,935	16,146,418
	<u>106,917,928</u>	<u>85,564,618</u>
Less: Discount	14,170,235	8,045,168
	<u>₱ 92,747,693</u>	<u>₱ 77,519,450</u>

NOTE 21 - COST OF SALES AND SERVICES

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

	31-Mar-26 (Unaudited)	31-Mar-25 (Unaudited)
Supplies	₱ 34,632,005	₱ 24,379,227
Salaries and wages	12,952,293	12,580,260
Depreciation (Note 11,23)	6,237,435	6,139,729
Professional fees	4,825,781	2,836,182
Dietary	2,052,326	2,057,003
Utilities	2,313,696	1,982,321
SSS/PHIC/HDMF contributions	1,200,649	751,190
Outside services	1,073,795	439,745
Amortization (Note 12)	82,500	62,500
	<u>₱ 65,370,480</u>	<u>₱ 51,228,157</u>

NOTE 22 - OPERATING EXPENSES

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

	31-Mar-26 (Unaudited)	31-Mar-25 (Unaudited)
Salaries and wages	₱ 5,550,983	₱ 3,145,065
Taxes and licenses	2,750,488	749,645
Repairs and Maintenance	2,107,101	118,845
Professional fee	1,555,289	385,869
Communication, light and water	991,584	495,581
Transportation and travel	918,579	1,237,110
Credit losses (Note 7)	907,685	-
SSS/PHIC/HDMF contributions	514,564	187,797
Depreciation (Note 11,23)	357,561	352,664
Office supplies	357,118	181,373
Outside services	418,982	109,937
Representation	145,042	24,595
Uniform	104,050	-
Gas and oil	97,844	48,132
Meeting and conferences	96,513	-
Insurance	33,804	-
Fines and penalties	4,258	-
Advertising and promotions	-	139,576
Miscellaneous	1,186,943	712,039
	₱ 18,098,388	₱ 7,888,228

NOTE 23 - OTHER INCOME

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

	31-Mar-26 (Unaudited)	31-Mar-25 (Unaudited)
Income from cafeteria	₱ 1,370,444	₱ 1,401,967
Recovery of allowance for credit losses	-	633,807
Interest income (Note 6)	2,953	371
Miscellaneous income	63,201	10,510
	₱ 1,436,598	₱ 2,046,655

NOTE 24 - DEPRECIATION AND EMPLOYEE'S COMPENSATION AND BENEFITS

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

31-Mar-26 (Unaudited)

	Direct Costs	Operating expense	Total
Depreciation	₱ 6,237,435	₱ 357,561	₱ 6,594,996
Amortization	82,500	-	82,500
Employee's compensation and benefits	14,152,942	6,065,547	20,218,489
	₱ 20,472,877	₱ 6,423,108	₱ 26,895,985

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

31-Mar-25 (Unaudited)

	Direct Costs	Operating expense	Total
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*

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-2026 (Unaudited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
	Advances from Payments	₱ (958,506)	₱ 9,303,368	(1)	(2)
	Loans				
Shareholders	Additional loan	-		(3)	(2)
	Payments	-	20,849,759		
	Interest expense	-		(1)	(2)

(1) Non-interest bearing, payable in cash and with no scheduled repayment term.

(2) Unsecured

(3) Interest bearing, one (1) year term renewable upon mutual consent

31-Dec-2025 (Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
	Advances from Payments	₱ (26,321,444)	₱ 10,261,874	(1)	(2)
	Loans				
Shareholders	Additional loan	5,199,759		(3)	(2)
	Payments	-	20,849,759		
	Interest expense	1,929,452		(1)	(2)

(1) Non-interest bearing, payable in cash and with no scheduled repayment term.

(2) Unsecured

(3) Interest bearing, one (1) year term renewable upon mutual consent

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 ₱nil and ₱1,929,452 for the three months ended March 31, 2026 and year ended December 31, 2025, 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, 2026, year ended December 31, 2025 and three months ended March 31, 2025, respectively.

NOTE 26 - INCOME TAXES

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

	31-Mar-26 (Unaudited)	31-Mar-25 (Unaudited)
Current tax expense	₱ -	₱ -
Deferred tax income arising from:		
Temporary differences	(672,215)	1,653,146
Income tax benefit	₱ (672,215)	₱ 1,653,146

Reconciliation between statutory tax and effective tax follows:

	31-Mar-26 (Unaudited)	31-Mar-25 (Unaudited)
Income tax at statutory rate	₱ (672,772)	₱ 1,112,906
Tax effect income subject to final tax	(738)	(93)
Tax effect of non-deductible interest expense	230	540,332
Tax effect of non-deductible fines and penalties	1,065	-
Effective income tax	₱ (672,215)	₱ 1,653,146

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

	31-Mar-26	31-Mar-25
	(Unaudited)	(Unaudited)
Income (loss) before tax	₱ (2,691,088)	₱ 4,451,626
Permanent Differences:		
Interest income subjected to final tax	(2,953)	(371)
Interest expense	923	2,161,326
Non-deductible fines and penalties	4,258	-
Temporary Differences:		
Provision (Recovery) of credit losses	907,685	(633,807)
Application of NOLCO	-	(5,978,774)
Taxable loss	-	-
Tax rate	25%	25%
	₱ -	₱ -
Tax due (RCIT or MCIT whichever is higher)	₱ -	₱ -
Prior year excess credits	(3,172,644)	(206,360)
Creditable withholding taxes	(894,766)	(391,086)
Prepaid Income Tax (Note 9)	₱ (4,067,410)	₱ (597,446)

Minimum Corporate Income Tax

Under Philippine tax regulations, Companies are subject to Minimum Corporate Income tax of 2% of gross income on the 4th year immediately following the year in which the Company commenced business operations. The MCIT is imposed when it is greater than the regular corporate income tax based on taxable income.

The Company is exempted from the imposition of MCIT until 2027.

Any excess of the MCIT over the regular corporate income tax may be carried forward and credited against the regular corporate income tax for the succeeding three (3) taxable years.

The net deferred tax assets pertain to the following as of March 31, 2026 and December 31, 2025, respectively and the related deferred tax (expense) income for the three months ended March 31, 2025 and year ended December 31, 2025 follows:

	<u>Statements of Comprehensive Income</u>			
	<u>Statements of Financial Position</u>		<u>Profit or Loss</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Deferred tax asset - NOLCO	₱ 13,890,706	₱ 13,445,412	₱ 445,294	₱ (5,995,254)
Allowance for credit losses	1,463,619	1,236,698	226,921	858,652
Deferred tax income (expense)	₱ 15,354,325	₱ 14,682,110	₱ 672,215	₱ (5,136,602)

Net Operating Loss Carry Over (NOLCO)

Net operating loss carry-over (NOLCO) represents the excess of allowable deductions over gross income in a taxable year, which may be carried forward and deducted from future taxable income.

NOLCO is recognized as a deferred tax asset to the extent that it is probable that sufficient future taxable profit will be available against which the losses can be utilized.

The deferred tax asset is measured using the applicable income tax rate expected to apply in the period when the benefit is realized.

NOLCO is applied as a deduction from taxable income within the three (3)-year period immediately following the year in which the loss was incurred, in accordance with existing tax laws and regulations. Any unused NOLCO after the allowable period expires and is no longer available as a deduction.

The Company reviews the carrying amount of deferred tax assets at each reporting date and reduces the 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 asset to be utilized.

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 2025	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:

Year Incurred	Amount	Applied 2025	Expired	Balance	Date of Expiration
2026	₱ 1,781,785	₱ -	₱ -	₱1,781,785	December 31, 2029
2024	42,584,085	-	-	42,584,085	December 31, 2027
2023	30,741,902	(19,544,341)	-	11,197,561	December 31, 2026
2022	2,282,390	(2,282,390)	-	-	December 31, 2025
	<u>₱77,390,162</u>	<u>₱(21,826,731)</u>	<u>₱ -</u>	<u>₱55,563,431</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, 2026 and December 31, 2025 based on contractual undiscounted payment.

	March 31, 2026 (Unaudited)			
	<u>Within 3 months</u>	<u>1 Year</u>	<u>Above 1 Year</u>	<u>Total</u>
Trade and other payables	₱ 165,145,905	₱ -	₱ -	₱ 165,145,905
Advances from shareholders	-	9,303,368	-	40,468,936
Loans payable	49,560,461	98,895,059	838,171,509	986,627,029
	₱ 214,706,366	₱ 108,198,427	₱ 838,171,509	₱ 1,161,076,302

	December 31, 2025 (Audited)			
	<u>Within 3 months</u>	<u>1 Year</u>	<u>Above 1 Year</u>	<u>Total</u>
Trade and other payables	₱ 162,837,562	₱ -	₱ -	₱ 162,837,562
Advances from shareholders	10,261,874	-	-	10,261,874
Loans payable	49,673,278	85,424,632	681,062,321	816,160,231
	₱ 222,772,714	₱ 85,424,632	₱ 681,062,321	₱ 989,259,667

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 ₱591,292,105 and ₱606,450,000 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-26 (Unaudited)	31-Dec-25 (Audited)
+1%	₱ (5,912,921)	₱ (6,064,500)
-1%	5,912,921	6,064,500

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, 2026 and December 31, 2025.

Credit Quality per Class of Financial Asset

	March 31, 2026 (Unaudited)					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 43,726,225	₱-	₱-	₱-	₱-	₱ 43,726,225
Trade and other receivables	6,992,055	-	-	57,423,361	5,854,478	70,269,894
Refundable deposits	2,653,611	-	-	-	-	2,653,611
	<u>₱ 53,371,891</u>	<u>₱-</u>	<u>₱-</u>	<u>57,423,361</u>	<u>5,854,478</u>	<u>₱ 116,649,730</u>

December 31, 2025 (Audited)

	Neither Past Due nor Impaired						Total
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired		
Cash in banks	₱ 53,725,080	₱ -	₱ -	₱ -	₱ -	₱ -	₱53,725,080
Trade and other receivables	12,773,738			42,134,842	4,946,793		59,855,373
Refundable deposits	2,653,611						2,653,611
	<u>₱113,961,542</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 42,134,842</u>	<u>₱4,946,793</u>		<u>₱116,234,064</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.

	31-Mar-26 (Unaudited)	31-Dec-25 (Audited)
Cash	₱ 43,726,225	₱ 53,725,080
Trade and other receivables	70,269,894	59,855,373
Refundable deposits	2,653,611	2,653,611
	<u>₱ 116,649,730</u>	<u>₱ 116,234,064</u>

Cash excludes petty cash fund and cash on hand amounting to ₱1,369,677 and ₱3,331,784 in March 31, 2026 and December 31, 2025.

(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, 2026 and December 31, 2025 was determined based on months past due, as follows for trade receivables:

March 31, 2026 (Unaudited)							
	Current	1-30 days	31-60 days	61-90 days	91 days and over	91 days and over	Total
Expected loss rate	0%	2%	5%	7%	10%	100%	
Trade receivables	₱ 6,784,809	₱ 13,711,764	₱ 14,443,468	₱ 3,744,365	₱ 29,758,087	₱ 1,620,155	₱ 70,062,648
Loss allowance	₱ -	₱ 274,235	₱ 722,173	₱ 262,106	₱ 2,975,809	₱ 1,620,155	₱ 5,854,478

December 31, 2025 (Audited)							
	Current	1-30 days	31-60 days	61-90 days	91 days and over	91 days and over	Total
Expected loss rate	0%	2%	5%	7%	10%	100%	
Trade receivables	₱ 12,697,145	₱ 7,936,446	₱ 13,099,948	₱ 8,579,272	₱ 15,481,612	₱ 1,984,357	₱ 59,778,780
Loss allowance	₱ -	₱ 158,729	₱ 654,997	₱ 600,549	₱ 1,548,161	₱ 1,984,357	₱ 4,946,793

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.

	31-Mar-26 (Unaudited)	31-Dec-25 (Audited)
Total current liabilities	₱ 284,145,748	₱ 268,982,536
Total non-current liabilities	516,305,527	545,818,421
Total liabilities (a)	800,451,275	814,800,957

Total equity (b)	<u>₱ 436,284,447</u>	<u>₱ 424,553,320</u>
Debt-to-equity ratio (a/b)	<u>1.83:1</u>	<u>1.92:1</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, 2026 and December 31, 2025:

		31-Mar-26 (Unaudited)			
		Fair Value			
	Notes	Carrying Amount	Quoted prices in active markets (Level 1) 2)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash	6	₱ 45,105,902	₱ -	₱ 45,105,902	₱ -
Trade and other receivables	7	64,415,416	-	64,415,416	-
Financial asset at FVOCI	13	4,950	-	-	4,950
Refundable deposit	14	2,653,611	-	2,653,611	-
		<u>₱ 112,179,879</u>	<u>₱ -</u>	<u>₱ 112,174,929</u>	<u>₱ 4,950</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Payables	15	₱ 165,145,905	₱ -	₱ 165,145,905	₱ -
Advances from shareholders	25	9,303,368	-	9,303,368	-
Loans payable	17	612,141,865	-	612,141,865	-
		<u>₱ 786,591,138</u>	<u>₱ -</u>	<u>₱ 786,591,138</u>	<u>₱ -</u>
		31-Dec-25 (Audited)			
		Fair Value			
	Notes	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	₱ 57,056,864	₱ -	₱ 57,056,864	₱ -
Trade and other receivables	7	54,908,580	-	54,908,580	-
Financial asset at FVOCI	13	4,950	-	-	4,950
Refundable deposit	14	2,653,611	-	2,653,611	-
		<u>₱ 114,624,005</u>	<u>₱ -</u>	<u>₱ 114,619,055</u>	<u>₱ 4,950</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Payables	15	₱ 162,837,562	₱ -	₱ 162,837,562	₱ --
Advances from shareholders	25	10,261,874	-	10,261,874	--
Loans payable	17	627,299,759	-	627,299,759	--
		<u>₱ 800,399,195</u>	<u>₱ -</u>	<u>₱ 800,399,195</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-26 (Unaudited)

	Loans Payable (Note 17)	Advances from shareholders (Note 25)	Total
Balance as of January 1, 2026	₱ 627,299,759	₱ 10,261,874	₱ 637,561,633
Cash flow from Financing Activities:			
Additional Borrowing	-	-	-
Repayment of Borrowing	(15,157,894)	(958,506)	(16,116,400)
Balance, March 31, 2026	<u>₱ 612,141,865</u>	<u>₱ 9,303,368</u>	<u>₱ 621,445,233</u>

December 3, 2025 (Audited)

	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	-	-	-
Repayment of Borrowing	(24,150,241)	(26,321,444)	(50,471,685)
Balance, December 31, 2025	<u>₱ 627,299,759</u>	<u>₱ 10,261,874</u>	<u>₱ 637,561,633</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, 2025.

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.

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Current Ratio

	<u>31-Mar-26</u>	<u>31-Dec-25</u>
Total current assets	₱ 150,395,772	₱ 157,617,137
Total current liabilities	<u>284,145,748</u>	<u>268,982,536</u>
Current ratio	<u>0.529:1</u>	<u>0.586:1</u>

Quick Ratio

	<u>31-Mar-26</u>	<u>31-Dec-25</u>
Total liquid asset	₱ 133,951,805	₱ 143,935,089
Total current liabilities	<u>284,145,748</u>	<u>268,982,536</u>
Quick ratio	<u>0.471:1</u>	<u>0.535:1</u>

Working Capital to Total Asset

	<u>31-Mar-26</u>	<u>31-Dec-25</u>
Working capital	₱ (133,749,976)	₱ (111,365,399)
Total assets	<u>1,236,735,722</u>	<u>1,239,354,277</u>
Working capital ratio	<u>-0.108:1</u>	<u>-0.09:1</u>

Solvency Ratio

	<u>31-Mar-26</u>	<u>31-Dec-25</u>
Net income (loss) after tax + Depreciation	₱ 4,658,623	₱ 39,564,052
Total liabilities	<u>800,451,275</u>	<u>1,239,354,277</u>
Solvency ratio	<u>0.006:1</u>	<u>0.032:1</u>

Debt-to-equity Ratio

	<u>31-Mar-26</u>	<u>31-Dec-25</u>
Total liabilities	₱ 800,451,275	₱ 1,239,354,277
Total equity	<u>436,284,447</u>	<u>424,553,320</u>
Debt-to-equity ratio	<u>1.835:1</u>	<u>2.919:1</u>

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Asset-to-equity Ratio

	<u>31-Mar-26</u>	<u>31-Dec-25</u>
Total assets	₱ 1,236,735,722	₱ 1,239,354,277
Total equity	436,284,447	424,553,320
Asset to equity ratio	<u>2.835:1</u>	<u>2.919:1</u>

Interest Rate Coverage Ratio

	<u>31-Mar-26</u>	<u>31-Dec-25</u>
Pre-tax profit (loss) before interest	₱ 10,715,423	₱ 75,618,922
Interest	13,406,511	57,420,080
Interest rate ratio	<u>0.799:1</u>	<u>1.317:1</u>

Profitability Ratios

	<u>31-Mar-26</u>	<u>31-Dec-25</u>
Net profit (loss) after tax	₱ (2,018,873)	₱ 13,062,240
Total equity	436,284,447	424,553,320
	<u>-0.005:1</u>	<u>0.031:1</u>

a.) Return on asset ratio

	<u>31-Mar-26</u>	<u>31-Mar-25</u>
Net income (loss) after tax	₱ (2,018,873)	₱ 2,798,480
Average assets	1,238,045,000	1,178,617,471
	<u>-0.002:1</u>	<u>0.002:1</u>

b.) Return on equity ratio

	<u>31-Mar-26</u>	<u>31-Mar-25</u>
Net profit (loss) after tax	₱ (2,018,873)	₱ 2,798,480
Average equity	430,418,884	372,892,070
	<u>-0.005:1</u>	<u>0.008:1</u>

c.) Gross Profit Margin Ratio

	<u>31-Mar-26</u>	<u>31-Mar-25</u>
Net profit (loss) before tax	₱ 4,451,626	₱ 4,451,626
Gross profit	27,377,213	26,291,293
	<u>0.16:1</u>	<u>0.17:1</u>

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d.) Net Profit Margin

	31-Mar-26	31-Mar-25
Net profit (loss) after tax	₱ (2,018,873)	₱ 2,798,480
Revenue	92,747,693	77,519,450
	-0.02:1	0.04:1

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
For the Reporting Period Ended March 31, 2026**

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	(₱66,946,680)
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	(66,946,680)
Add/Less: Net Income (Loss) for the current year	(2,018,873)
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 Standards	-
• 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, 2026**

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)	(2,018,873)
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	(P68,965,553)