



SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.: CS201421675

Company Name: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - CEBU INC.

Industry Classification: N85129

Company Type: Stock Corporation

Document Information

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COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

**MCARTHUR CONRADO A. SALONGA JR,
M.D. / MARIETTA T. SAMOY, M.D.**

Contact Person

(032) 265-5833

(Company Telephone Number)

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Month Day
(Fiscal Year)

SEC FORM 17Q

(Form Type)

2nd Sunday of April

Month _____ Day _____
(Annual Meeting)

PERMIT TO SELL SECURITIES

(Secondary License Type, if Applicable)

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

2105

Total No. of Stockholders

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Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

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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 ...**September 30, 2025**
2. Commission Identification Number. **CS201421675**
3. BIR Tax Identification No. **008-899-890**
4. Exact name of issuer as specified in its charter
Allied Care Experts (ACE) Medical Center – Cebu, Inc.
5. Province, country or other jurisdiction of incorporation or organization
Cebu, Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
N. Bacalso Avenue, Basak Pardo, Cebu City **6000**
8. Issuer's telephone number, including area code
(032) 383-3454
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	228,999 shares / P1,167,088,761

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 Allied Care Experts (ACE) Medical Center – Cebu, Inc. (the Company) as at and for the nine months ended September 30, 2025 (with comparative figures as at December 31, 2024 (Audited) and for the nine months ended September 30, 2024 (Unaudited) are filed as part of this form 17-Q as Annex A.

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

FINANCIAL CONDITION

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)	Horizontal Analysis		Vertical Analysis	
			Inc(Dec)	%age	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS						
Current Assets						
Cash	₱ 30,659,300	₱ 27,922,458	₱ 2,736,842	10%	2%	2%
Trade and other receivables	36,695,794	30,801,758	5,894,036	19%	2%	2%
Subscription receivable	24,420,267	26,020,267	(1,600,000)	-6%	2%	2%
Inventories	17,641,443	17,637,344	4,099	0%	1%	1%
Prepayments and other current assets	78,195,418	80,110,319	(1,914,901)	-2%	5%	5%
Total Current Assets	187,612,222	182,492,146	5,120,076	3%	12%	12%
Non-current Assets						
Property and equipment, net	1,239,845,743	1,266,500,187	(26,654,444)	-2%	81%	83%
Intangible assets	1,285,805	1,637,908	(352,103)	-21%	0%	0%
Deferred tax asset	96,403,954	77,649,265	18,754,689	24%	6%	5%
Total Non-Current Assets	1,337,535,502	1,345,787,360	(8,251,858)	-1%	88%	88%
Total Assets	₱ 1,525,147,724	₱ 1,528,279,506	₱ (3,131,782)	0%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	₱ 230,646,216	₱ 186,321,295	₱ 44,324,921	24%	15%	12%
Loans payable - current	131,196,719	121,540,391	9,656,328	8%	9%	8%
Retention payable	16,178,250	16,815,238	(636,988)	-4%	1%	1%
Deposit for future stock subscription	1,129,605	1,129,605	-	0%	0%	0%
Other current liabilities	2,260,077	3,074,615	(814,538)	-26%	0%	0%
Total Current Liabilities	381,410,867	328,881,144	52,529,723	16%	25%	22%
Non-Current Liabilities						
Loans payable - non current	787,677,894	791,640,646	(3,962,752)	-1%	52%	52%
Total Liabilities	1,169,088,761	1,120,521,790	48,566,971	4%	77%	73%
Equity						
Share capital	226,450,000	226,170,000	280,000	0%	15%	15%
Share premium	496,166,706	495,006,706	1,160,000	0%	33%	32%
Subscribed capital stock	3,025,000	3,265,000	(240,000)	-7%	0%	0%
Treasury shares	(8,469,000)	(8,266,000)	(203,000)	2%	-1%	-1%
Other comprehensive income	126,523,098	126,523,098	-	0%	8%	8%
Accumulated Deficits	(487,636,841)	(434,941,088)	(52,695,753)	12%	-32%	-28%
Equity, Net	356,058,963	407,757,716	(51,698,753)	-13%	23%	27%
Total Liabilities and Equity	₱ 1,525,147,724	₱ 1,528,279,506	₱ (3,131,782)	0%	100%	100%

As of September 30, 2025, the assets of the Company amount to ₱1,525,147,724 which is .2% or ₱3,131,782 higher than the December 31, 2024 balance of ₱1,528,279,506. The decrease was due to the decrease in subscription receivable, prepayments and other current assets, property and

equipment and intangible assets. This was negated by the increase in cash, trade and other receivables, inventories and deferred tax assets.

The increase in Cash by ₱2,736,842 was primarily due to cash proceeds from loans, issuance of shares, cash from operations negated by acquisition of assets and payment of loans and interest.

The increase in trade and other receivables by ₱5,894,036 was mainly due to an increase of uncollected revenue from PhilHealth, receivables from patients, reimbursements from DSWD availed by patients and other receivables and negated by increase in credit losses amounting to ₱1,295,363.

The decrease in subscription receivable by ₱1,600,000 was primarily due to collection of subscriptions in 2025 negated by additional subscriptions.

The increase in inventories by ₱4,099 was mainly due to increase in hospital supplies, housekeeping supplies and laboratory supplies. This is negated by the decrease in office supplies and dietary supplies.

The decrease in prepayments and other current assets by ₱1,914,901 was primarily due to decrease in advances to suppliers and prepaid withholding tax on compensation and negated by increase in input VAT, prepaid income tax and creditable withholding tax.

The decrease in property and equipment by ₱26,654,444 was due to depreciation amounting ₱31,095,239 negated by acquisitions of ₱4,440,795.

The decrease in Intangible asset pertains mainly to the amortization of the hospital information system.

Deferred tax asset increased by ₱18,754,689 due to recognition of DTA from MCIT and DTA for losses incurred by the Company for the nine months ended September 30, 2025.

Total liabilities increased by ₱48,566,971. The increase was primarily due to increase in trade and other payables and loans payable. This was negated by the payments of loans, decrease in retention payable and other current liabilities.

Trade and other payables increased by ₱44,324,921, primarily due to significant increase in accrued expenses and negated by the decrease in trade payables.

Retention payable decreased by ₱636,988 was primarily due to partial payments made to contractors.

Loans payable increased by ₱9,405,581 due to additional loans and negated by ₱3,712,005 due to principal repayments.

There is no movement in deposit for future subscriptions.

Other current liabilities decreased by ₱814,538 was primarily due to decrease in government agencies payables as of third quarter of 2025.

The decrease in equity by ₱51,698,753 was primarily due to the net loss incurred by the Company for the nine months ended September 30, 2025, net of additional subscriptions in 2025.

Material Changes in Financial Condition

a. Cash increased by ₱2.7M
due to cash proceeds from loans, issuance of shares, cash from operations negated by acquisition of assets and payment of loans.
b. Trade and other receivables increased by ₱5.8M
to an increase of uncollected revenue from PhilHealth, receivables from patients, reimbursements from DSWD availed by patients and other receivables and negated by increase in credit losses amounting to ₱1,295,363.
c. Subscription receivable decreased by ₱1.6M.
Due to collection of subscriptions in 2025 negated by additional subscriptions.
d. Inventories increased by ₱4,099.
Due to increase in hospital supplies, housekeeping supplies and laboratory supplies. This is negated by the decrease in office supplies and dietary supplies.
e. Prepayments and other current assets decreased by ₱1.9M
Due to decrease in advances to suppliers and prepaid withholding tax on compensation and negated by increase in input VAT, prepaid income tax and creditable withholding tax.
f. Property and equipment decreased by ₱26.6M
The decrease in property and equipment by ₱26,654,444 was due to depreciation amounting ₱31,095,239 negated by acquisitions of ₱4,440,795.
g. Intangible assets decreased by ₱352K
Pertains mainly to the amortization of the hospital information system.
h. Deferred tax asset increased by ₱18.75M
due to recognition of DTA from MCIT and DTA for losses incurred by the Company for the nine months ended September 30, 2025.
i. Trade and other payables increased by ₱44.3M
primarily due to significant increase in accrued expenses and negated by decrease in trade payables.
j. Loans payable increased by ₱5.6M
Loans payable increased by ₱9,405,581 due to additional loans and negated by ₱3,712,005 due to principal repayments.
k. Deposit for future stock subscriptions has no movement.
l. Other current liabilities decreased by ₱814k.
Primarily due to decrease in government agencies payables for the third quarter of 2025.
m. Equity decreased by ₱51.6M
Due to the net loss incurred by the Company in 2025 net of additional subscriptions for the quarter.

RESULTS OF OPERATIONS

The following table shows the consolidated financial highlights of the Company for the nine months ended September 30, 2025 and 2024:

	For the nine months ended		Horizontal Analysis		Vertical Analysis	
	30-Sep-25	30-Sep-24	Inc (Dec)	%age	30-Sep-25	30-Sep-24
Revenue	₱ 202,185,959	₱ 161,867,168	₱ 40,318,791	25%	100%	100%
Other income	8,610,716	50,307,101	(41,696,385)	-83%	4%	31%
Cost of sales and services	(152,091,333)	(149,932,643)	2,158,690	1%	-75%	-93%
Operating expenses	(50,069,994)	(69,869,766)	(19,799,772)	-28%	-25%	-43%
Finance costs	(78,897,570)	(47,703,506)	31,194,064	65%	-39%	-29%
Income tax benefit	17,566,469	13,833,332	3,733,137	27%	9%	9%
Net loss	₱ (52,695,753)	₱ (41,498,314)	₱ 11,197,439	27%	-26%	-26%

Revenue generated for the nine months period amounts ₱202.18M. This was from Hospital fees and sales of medicines, net of discounts. This increased by 25% from last year third quarter revenue due increase in revenue from hospital fees and sales of drugs and medicine.

Other income decreased by 83%. This is primarily due to significant decrease of recoveries from credit losses, income from cafeteria and miscellaneous income in third quarter of 2025.

Cost of sales and services for the nine months ended September 30, 2025 amounted to ₱152M. This increased by 1% in direct relation with the increase in revenue in the third quarter of 2025 compared to third quarter of 2024. The major component of the cost of sales and services are medicines and supplies, depreciation, salaries and wages, utilities, depreciation and professional fees.

Operating expenses decreased by 28%. The decrease was primarily attributable to the decrease in salaries and wages, transportation and travel and miscellaneous expenses.

Increase in finance costs by 65% compared to 2024 was due to restructuring of loans to deferred principal payments.

Income tax benefit increased by 27%. This is primarily due to higher losses incurred in third quarter of 2025 resulting to higher taxable loss and tax benefit.

Loss for the nine months ended September 30, 2025 is higher than losses suffered for the nine months ended September 30, 2024, this was mainly due to significant decrease in other income and significant increase in finance costs for the period. Despite the increase in revenue, these revenues have not compensated costs and expenses incurred for the period. To mitigate the losses, the Company has strengthened its marketing efforts and relationships with its Medical Staff to increase utilization which would translate to better revenue.

Material Changes in Operating Results

a. Revenue increased by 25% This was from Hospital fees and sales of medicines, net of discounts. This increased from last year third quarter revenue due increase in revenue from hospital fees and sales of drugs and medicine.
b. Cost of sales and services increased by 1% This direct relation with the increase in revenue in the third quarter of 2025 compared to third quarter of 2024. The major component of the cost of sales and services are medicines and supplies, depreciation, salaries and wages, utilities, depreciation and professional fees.
c. Operating Expenses decreased by 28% The decrease was primarily attributable to the decrease in salaries and wages, transportation and travel and miscellaneous expenses.
d. Other income decreased by 83% This is primarily due to significant decrease of recoveries from credit losses, income from cafeteria and miscellaneous income in third quarter of 2025.
e. Finance cost increased by 65% Due to due to restructuring of loans to deferred principal payments.
f. Income tax benefit increased by 27% This is primarily due to higher losses incurred in third quarter of 2025 resulting to higher taxable loss and tax benefit.
g. Loss for the period increased by 27% This was mainly due to significant decreased in other income and increase in finance cost for the period.

THE COMPANY'S KEY PERFORMANCE INDICATORS

	September 30, 2025	September 30, 2024
1. Liquidity a. Quick ratio - capacity to cover its short-term obligations using only its most liquid assets.	0.241:1	0.332:1

[(cash + A/R) / current liabilities] b. Current ratio - capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)	0.492:1	0.628:1
2. Solvency a. Debt to equity ratio - indicator of which group has the greater representation in the assets of the Company. (total liabilities / equity)	3.28:1	2.58:1
3. Profitability a. Net profit margin - ability to generate surplus for stockholder (net income / sales) b. Return on equity - ability to generate returns on investment of stockholders. (net income / average equity)	(0.26):1	(0.26):1
4. Leverage b. Debt to total asset ratio - the proportion of total assets financed by creditors. (total debt / total assets) c. Asset to equity ratio - indicator of the overall financial stability of the Company. (total assets / equity)	0.77:1	0.72:1
2. Interest Rate Coverage Ratio a. Interest rate coverage ratio - measure of the company's ability to meet its interest payments (earnings before interest and taxes / interest expense) - Remarks: The Company was able to meet its interest payments. The negative result was due to loss from operations.	0.11:1	(0.16):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 were no any known trends or any known demands, commitments, events or uncertainties that would result in or that were reasonably likely to result in the Company's liquidity increase or decreasing in any material way.

The Company continues to spend for regular capital expenditures during the quarter as disclosed in Note 11 of the unaudited interim financial statements.

There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

There were no significant elements of income or loss that did not arise from the Company's continuing operations.

There were no material events subsequent to the end of the interim period that have not been reflected in the financial adjustments of the interim period.

The Company is involved in certain legal proceedings as enumerated and discussed in Item 3. Legal Proceedings of SEC Form 17A.

PART II--OTHER INFORMATION

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

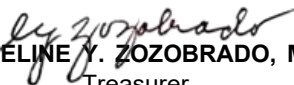
SIGNATURES

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.

Allied Care Experts (ACE) Medical Center-Cebu, Inc.

By:


MCARTHUR CONRADO A. SALONGA JR, M.D.
President


EVANGELINE Y. ZOZOBRADO, M.D.
Treasurer

Date: November 11, 2025

Date: November 11, 2025

**ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER-CEBU, INC.**

UNAUDITED FINANCIAL STATEMENTS
For the Nine Months Ended September 30, 2025
*(With Comparative Figures for December 31, 2024 and
Nine Months Ended September 30, 2024)*

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
STATEMENTS OF FINANCIAL POSITION
As of September 30, 2025 and December 31, 2024

	<i>Notes</i>	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
<u>ASSETS</u>			
Current Assets			
Cash	4,6	P 30,659,300	P 27,922,458
Trade and other receivables	4,7	36,695,794	30,801,758
Subscription receivable	4,8	24,420,267	26,020,267
Inventories	4,9	17,641,443	17,637,344
Prepayments and other current assets	4,5,10	78,195,418	80,110,319
Total Current Assets		187,612,222	182,492,146
Non-Current Assets			
Property and equipment, net	4,5,11	1,239,845,743	1,266,500,187
Intangible assets	4,5,12	1,285,805	1,637,908
Deferred tax asset	4,5,24	96,403,954	77,649,265
Total Non-Current Assets		1,337,535,502	1,345,787,360
TOTAL ASSETS		P 1,525,147,724	P 1,528,279,506
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Trade and other payables	4,13	P 230,646,216	P 186,321,295
Loans payable - current	4,17	131,196,719	121,540,391
Retention payable	4,14	16,178,250	16,815,238
Deposit for future stock subscription	4,15	1,129,605	1,129,605
Other current liabilities	4,16	2,260,077	3,074,615
Total Current Liabilities		381,410,867	328,881,144
Non-current liabilities			
Loans payable - non current	4,17	787,677,894	791,640,646
Total Liabilities		1,169,088,761	1,120,521,790
Equity			
Share capital	4,18	226,450,000	226,170,000
Share premium	4,18	496,166,706	495,006,706
Subscribed capital stock	4,18	3,025,000	3,265,000
Treasury shares	4,18	(8,469,000)	(8,266,000)
Other comprehensive income	4,18	126,523,098	126,523,098
Accumulated Deficits	4	(487,636,841)	(434,941,088)
Equity, net		356,058,963	407,757,716
TOTAL LIABILITIES AND EQUITY		P 1,525,147,724	P 1,528,279,506

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For The Nine Months Ended September 30, 2025 and 2024

		<u>January to September</u>		<u>July to September</u>	
	<i>Notes</i>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
REVENUES - net	4,19	₱ 202,185,959	₱ 161,867,168	₱ 71,594,745	₱ 71,027,546
COST OF SALES AND SERVICES	4,20	<u>(152,091,333)</u>	<u>(149,932,643)</u>	<u>(48,098,026)</u>	<u>(50,565,044)</u>
GROSS INCOME		50,094,626	11,934,525	23,496,719	20,462,502
OPERATING EXPENSES	4,21	<u>(50,069,994)</u>	<u>(69,869,766)</u>	<u>(19,696,725)</u>	<u>(31,438,465)</u>
OTHER INCOME	4,22	8,610,716	50,307,101	2,064,754	5,661,033
FINANCE COST	4,17	<u>(78,897,570)</u>	<u>(47,703,506)</u>	<u>(24,789,663)</u>	<u>(15,896,552)</u>
LOSS BEFORE TAX		<u>(70,262,222)</u>	<u>(55,331,646)</u>	<u>(18,924,915)</u>	<u>(21,211,482)</u>
INCOME TAX BENEFIT	4,24	<u>(17,566,469)</u>	<u>(13,833,332)</u>	<u>(4,731,718)</u>	<u>(5,302,993)</u>
LOSS FOR THE PERIOD		<u>(52,695,753)</u>	<u>(41,498,314)</u>	<u>(14,193,197)</u>	<u>(15,908,489)</u>
OTHER COMPREHENSIVE INCOME (LOSS)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS		<u>₱ (52,695,753)</u>	<u>₱ (41,498,314)</u>	<u>₱ (14,193,197)</u>	<u>₱ (15,908,489)</u>

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
STATEMENTS OF CHANGES IN EQUITY
For The Nine Months Ended September 30, 2025 and 2024

		September 30	
	<i>Notes</i>	2025	2024
		(Unaudited)	(Unaudited)
SHARE CAPITAL	<i>4,18</i>		
Balance at beginning of the year		₱ 226,170,000	₱ 174,076,000
Issuance		280,000	49,420,745
Balance at end of the year		226,450,000	223,496,745
SHARE PREMIUM	<i>4,18</i>		
Balance, beginning of the year		495,006,706	491,236,706
Additional		1,160,000	1,740,000
Balance, end of the year		496,166,706	492,976,706
SUBSCRIBED CAPITAL STOCK	<i>4,18</i>		
Balance, beginning of the year		3,265,000	3,725,000
Additional		40,000	50,000
Payments		(280,000)	(460,000)
Balance, end of the year		3,025,000	3,315,000
TREASURY SHARES	<i>4,18</i>		
Balance at beginning of the year		(8,266,000)	(5,639,000)
Repurchase		(203,000)	(3,930,000)
Reissuance		-	1,909,000
Balance at end of the year		(8,469,000)	(7,660,000)
REVALUATION SURPLUS	<i>4,18</i>		
Balance at beginning of the year		126,523,098	126,523,098
Revaluation for the year		-	-
Balance at end of the year		126,523,098	126,523,098
ACCUMULATED DEFICITS	<i>4</i>		
Balance, beginning of the period		(434,941,088)	(365,626,348)
Net loss for the year		(52,695,753)	(41,498,314)
Balance, end of the period		(487,636,841)	(407,124,662)
EQUITY, net		₱ 356,058,963	₱ 431,526,887

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.

STATEMENTS OF CASH FLOWS

For The Nine Months Ended September 30, 2025 and 2024

		September 30	
	<i>Notes</i>	2025	2024
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		₱ (70,262,222)	₱ (55,331,646)
Adjustment to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,5,11	31,570,842	31,676,574
Interest income	4,22	(4,872)	(2,245)
Interest expense	4,17	78,897,570	47,703,506
Operating income before changes in working capital		40,201,318	24,046,189
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Trade and other receivables	4,7	(5,894,036)	(12,813,818)
Inventories	4,9	(4,099)	1,889,687
Prepayments and other current assets	4,5,10	3,040,136	(1,873,095)
Increase (decrease) in:			
Trade and other payables	4,13	44,324,921	77,191,833
Retention payable	4,14	(636,988)	(200,000)
Other current liabilities	4,16	(814,538)	2,702,304
Cash used in operation		80,216,714	90,943,100
Interest received	4,22	4,872	2,245
Interest paid	4,17	(78,897,570)	(47,703,506)
Income taxes paid	4,24	(2,313,455)	(2,496,307)
Net cash provided by operating activities		(989,439)	40,745,532
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	4,5,11	(4,440,795)	(5,403,175)
Acquisition of intangible assets	4,5,12	(123,500)	-
Net cash used in investing activities		(4,564,295)	(5,403,175)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares	4,18	2,800,000	57,461,170
Purchase of treasury shares	4,18	(203,000)	(3,930,000)
Proceeds from loans	4,14	9,405,581	-
Deposit for future stock subscriptions	4,15	-	(38,570,605)
Payment of loans	4,17	(3,712,005)	(15,191,920)
Net cash used in by financing activities		8,290,576	(231,355)
NET INCREASE IN CASH		2,736,842	35,111,002
CASH AT THE BEGINNING OF THE PERIOD		27,922,458	12,584,050
CASH AT THE END OF THE PERIOD		₱ 30,659,300	₱ 17,638,807

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2025, December 31, 2024 and September 30, 2024

NOTE 1 - GENERAL INFORMATION

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC. (the Company) is a stock corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on March 6, 2014 under SEC Registration No. CS201421675.

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

The Company's secondary license to sell its common stocks to the public pursuant to Section 12 of the Securities Regulation Code (SRC) was approved on December 27, 2018.

Pursuant to the abeyance of the provisions of Executive Order No. 226 (otherwise known as the Omnibus Investments Code of 1987), the Company is eligible to enjoy certain grants, particularly, but not limited to – Income Tax Holiday – for a period of 4 years starting November 2018 or actual start of commercial operations, whichever is earlier (the availment of which shall not be earlier than the date of registration).

The Company's registered office and place of business is located at 982 N. Bacalso Avenue, Basak Pardo, Cebu City.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

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

Basis of Preparation and Measurement

The Company has prepared the unaudited interim financial statements as at and the nine months ended September 30, 2025 and year ended December 31, 2024 on a going concern basis, which assumes continuity of current business activities and the realization of assets and settlements of liabilities in the ordinary course of business.

The unaudited interim financial statements are presented in Philippine Peso (₱) 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, unless otherwise stated. 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 Judgements and Estimates
- Note 28 - Fair Value Measurement

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

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

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

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS Accounting Standards which the Company adopted effective for annual periods beginning on or after January 1, 2025.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

New and Amended Standards Issued but not yet Effective or Adopted

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

Effective beginning on or after January 1, 2025

- **PFRS 17. Insurance Contracts**

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

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

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

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

- Amendments to PAS 21, *Lack of exchangeability*

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

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

Effective beginning on or after January 1, 2026

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

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

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

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

- Annual Improvements to PFRS Accounting Standards-Volume 11

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

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

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

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

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

- Amendments to PFRS 9

a) Lessee Derecognition of Lease Liabilities

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

b) Transaction Price

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

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

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

- Amendments to PAS 7, *Cost Method*

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

Effective beginning on or after January 1, 2027

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

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

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

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

PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities. Based on management assessment, this is not expected to have material impact on the unaudited interim financial statements of the Company.

Deferred effectivity

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

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

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

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

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.

Financial Instruments

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

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

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

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

Classification

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

Financial Assets at Amortized Cost

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

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

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

As at September 30, 2025 and December 31, 2024, the Company's cash, trade and other receivables are classified under this category. (Note 6 and 7)

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

Financial Liabilities at Amortized Cost

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

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

As at September 30, 2025 and December 31, 2024, the Company's trade and other payables (excluding payable to government), retention payable, advances from shareholders and loans payable are classified under this category (Notes 13, 14, 15 and 17).

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 recognize in profit or loss.

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

Impairment of Financial Assets

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

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

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

Derecognition of Financial Assets and Liabilities

Financial Assets

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

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

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

Financial Liabilities

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

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

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

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

Offsetting of Financial Assets and Liabilities

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

Classification of Financial Instrument between Liability and Equity

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

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

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

Inventories

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

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

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

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

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

At each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its net realizable value. If an item of inventory is impaired, its carrying amount is reduced to net realizable value, and an impairment loss is recognized immediately in profit and loss. Any reversal of impairment is recognized also in profit or loss.

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

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

Prepayments and Other Current Assets

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

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

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

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

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

Prepaid Income Taxes

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

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 except for Land are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Land is subsequently measured at revalued amounts, being its fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional appraisers.

Any revaluation increase arising on the revaluation of land is recognized as other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is charged to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land is charged as an expense to the extent that it exceeds the balance, if any, held in the property's revaluation surplus relating to a previous revaluation of that asset. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 immediately recognized in profit and loss.

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

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

Impairment of Non-financial Assets

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

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).

Trade and Other Payables

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

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

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

Other Current Liabilities

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

Deposit for Future Stock Subscription

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

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

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

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

Loans payable

Loans payable account represents borrowed funds from various financial institutions to finance the construction of the hospital building, acquisition of medical equipment, hospital furniture and fixtures, and transportation equipment and working capital requirement.

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

Equity

Share Capital

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

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

Share Premium

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

Accumulated Deficits

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

Revenue

Revenue recognition

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

Hospital revenue

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

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

Sale of drugs and medicines

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

Other income

Other income which includes income from cafeteria and miscellaneous income is recognized over a period of time because the customer simultaneously consumes the benefit as the performance obligation is satisfied.

Interest income

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

Other Comprehensive Income

Other components of equity comprise of items of income and expense that are not recognized in profit or loss for the year. Other Comprehensive Income pertains to cumulative gain on revaluation of land.

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. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was made because the Company believes that the amount of provision for employee benefits will not materially affect the fair presentation of the unaudited interim financial statements considering that the Company has just commenced commercial operation in 2021 and none of the employees qualifies for the five years employment under RA 7641.

Related Parties

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

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

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

Provisions and contingencies

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

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

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

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

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

Prior period errors are omissions from, and misstatements in, the Company's unaudited interim financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when 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 unaudited interim financial statements. Subsequent events that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the 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 financial statements and accompanying notes. The judgements and accounting estimates and assumptions used in the financial statements are based upon management evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the 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.

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 an unaudited interim 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 26.

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 unaudited interim 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 of nonfinancial assets was recognized in the Company's unaudited interim financial statements in either 2025 and 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 26.

Estimating useful lives of property and equipment

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

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

<u>Description</u>	<u>Useful Lives</u>
Building	50 years
Medical equipment	5 - 10 years
Transportation equipment	5 years
Office furniture and fixtures	5 years
Dietary tools and 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 asset to be utilized. Management assessed that the deferred tax assets recognized as at September 30, 2025 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 24.

NOTE 6 - CASH

This account consists of:

	<u>30-Sept-2025 (Unaudited)</u>	<u>31-Dec-2024 (Audited)</u>
Cash on hand	₱ 4,999,297	₱ 3,911,026
Cash in banks	25,660,003	24,011,432
	₱ 30,659,300	₱ 27,922,458

Cash in banks generally earn interest at bank deposit rates. These are unrestricted and available for use in the Company's operation. Interest income earned from cash in banks amounted to ₱4,872, ₱5,173 and ₱2,245 for the nine months ended September 30, 2025, year ended December 31, 2024 and nine months ended September 30, 2024, respectively, and is presented under other income in the statements of comprehensive income. (Note 22)

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	<u>30-Sept-2025 (Unaudited)</u>	<u>31-Dec-2024 (Audited)</u>
Trade receivable	₱ 47,380,605	₱ 43,114,610
Advances to consultants and employees	515,442	812,734
Other receivable	6,620,696	3,400,000
	54,516,743	47,327,344
Allowance for credit losses	(17,820,949)	(16,525,586)
	₱ 36,695,794	₱ 30,801,758

Trade receivables pertain to receivables from patients, reimbursements from HMO, DSWD and PhilHealth availed by the patients.

Advances to consultants and employees pertains to cash advances which are collectible through deduction from professional fees and salaries.

Other receivable pertains to the embezzlement of funds by former employees which are under investigation and pending judgement in the case. The Company set up provision for credit losses for the whole amount.

A reconciliation of the allowance for expected credit losses at the beginning and end of 2025 and 2024 is shown below:

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Balance, beginning	₱ 16,525,586	₱ 29,367,540
Credit losses (Note 26,21)	1,295,363	-
Recovery of allowance (Note 26,22)	-	(12,841,954)
Balance, end	<u>₱ 17,820,949</u>	<u>₱ 16,525,586</u>

NOTE 8 - SUBSCRIPTION RECEIVABLE

Subscription receivable pertains to the unpaid portion of the subscribed shares of various investors in relation to the approval of the Company's secondary license to sell common shares to the public pursuant to Section 12 of the Securities Regulation Code (SRC). These are due within 12 months from the date of subscription. This amounted to ₱24,420,267 and ₱26,020,267 as at September 30, 2025 and December 31, 2024, respectively.

NOTE 9 - INVENTORIES

This account consists of:

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Hospital supplies	₱ 12,009,039	₱ 9,491,753
Laboratory supplies	2,788,425	2,380,283
Office supplies	1,306,643	2,889,830
Linen supplies	1,237,184	1,050,155
Dietary supplies	300,152	1,825,323
	<u>₱ 17,641,443</u>	<u>₱ 17,637,344</u>

Hospital and laboratory supplies pertains to medicines and medical supplies administered/used to patients. Linen supplies pertains to beddings. Dietary supplies pertains to food items.

The Company recognized as expense, inventories costing ₱53,545,168, ₱54,697,661 and ₱32,400,234 for the nine months ended September 30, 2025, year ended December 31, 2024 and nine months ended September 30, 2024, respectively. (Note 20)

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

NOTE 10 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Input VAT	₱ 33,361,125	₱ 29,228,439
Advances to suppliers	34,794,592	42,859,364
Prepaid income tax (Note 24)	5,285,685	4,160,450
Creditable withholding tax	4,754,016	3,833,837
Prepaid withholding tax on compensation	-	28,229
	₱ 78,195,418	₱ 80,110,319

Input VAT are Value Added Tax on purchases of goods and services. These are creditable to the VAT liability of the Company.

Advances to suppliers represent advance payment on purchases of medical equipment and supplies.

Prepaid income tax pertains to excess tax credits, which could be applied to tax liability of the company in 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.

NOTE 11 - PROPERTY AND EQUIPMENT, net

A reconciliation of the carrying amounts at the beginning and end of September 30, 2025 and December 31, 2024 of property and equipment is shown below:

30- Sept-2025 (Unaudited)

	Land	Building	Transportation Equipment	Office, Furniture and Fixtures	Medical Equipment	Dietary Tools and Equipment	Total
Cost							
1-Jan-25	₱277,318,000	₱946,973,787	4,000,101	₱18,399,141	₱185,552,353	₱686,368	₱1,432,929,750
Additions	-	-	122,000	3,014,774	1,297,467	6,554	4,440,795
Disposals	-	-	-	-	-	-	-
30-Sep-25	277,318,000	946,973,787	4,122,101	21,413,915	186,849,820	692,922	1,437,370,545
Accumulated							
Depreciation							
1-Jan-25	-	75,264,405	3,906,908	13,647,780	72,924,102	686,368	166,429,563
Depreciation	-	14,191,789	96,876	2,892,238	13,914,336	-	31,095,239
Disposals	-	-	-	-	-	-	-
30-Sep-25	-	89,456,194	4,003,784	16,540,018	86,838,438	686,368	197,524,802
Carrying amounts							
30-Sep-25	₱277,318,000	₱857,517,593	₱118,317	₱4,873,897	₱100,011,382	₱6,554	₱1,239,845,743
Carrying amount							
31-Dec-24	₱277,318,000	₱871,709,382	₱93,193	₱4,751,361	₱112,628,251	₱0	₱1,266,500,187

31- Dec-2024 (Audited)

	Land	Building	Transportation Equipment	Office, Furniture and Fixtures	Medical Equipment	Dietary Tools and Equipment	Total
Cost							
1-Jan-24	₱277,318,000	₱ 942,328,808	₱ 4,000,101	₱ 17,157,617	₱ 185,231,696	₱ 686,368	₱ 1,426,722,590
Additions	-	4,644,979	-	1,241,524	320,657	-	6,207,160
Disposals	-	-	-	-	-	-	-
31-Dec-24	<u>277,318,000</u>	<u>946,973,787</u>	<u>4,000,101</u>	<u>18,399,141</u>	<u>185,552,353</u>	<u>686,368</u>	<u>1,432,929,750</u>
Accumulated Depreciation							
1-Jan-24	-	56,417,829	3,106,888	10,216,256	54,400,932	686,368	124,828,273
Depreciation	-	18,846,576	800,020	3,431,524	18,523,170	-	41,601,290
31-Dec-24	-	<u>75,264,405</u>	<u>3,906,908</u>	<u>13,647,780</u>	<u>72,924,102</u>	<u>686,368</u>	<u>166,429,563</u>
Carrying amounts							
31-Dec-24	<u>₱ 277,318,000</u>	<u>₱ 871,709,382</u>	<u>₱ 93,193</u>	<u>₱ 4,751,361</u>	<u>₱ 112,628,251</u>	<u>₱ -</u>	<u>₱ 1,266,500,187</u>
Carrying amounts 31-Dec-23	<u>₱ 277,318,000</u>	<u>₱885,910,979</u>	<u>₱ 893,213</u>	<u>₱ 6,941,361</u>	<u>₱ 130,830,764</u>	<u>₱ -</u>	<u>₱ 1,301,894,317</u>

The Company's land and building with a total carrying value of ₱1,134,835,593 and ₱1,149,027,382 as of September 30, 2025 and December 31, 2024, respectively, were also used as collateral on loans. (Note 17)

Likewise, the Company's medical equipment with a carrying amount of ₱100,011,382 and ₱112,628,251, as of September 30, 2025 and December 31, 2024, respectively were also used as collateral on the loans. (Note 17)

The revaluation of the parcels of land was arrived using a combination of cost and market (or direct sales comparison) approach. Cost approach is based on the principle of substitution, which holds that an informed buyer would not pay more for a given property than the cost of an equally desirable alternative. Market data approach is an appraisal technique in which the market value estimate is predicted based upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market (pricewise) and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market. Revaluation surplus net of deferred tax recognized in Other Comprehensive Income amounted to ₱126,523,098 in 2023. (Note 18)

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

	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)
Cost of sales and services	₱ 28,203,001	₱ 28,628,366
Operating expenses	<u>2,892,238</u>	<u>2,572,604</u>
	<u>₱ 31,095,239</u>	<u>₱ 31,200,970</u>

There have been no indications that an item of property and equipment is impaired.

NOTE 12 - INTANGIBLE ASSET

This account pertains to the hospital information system used by the Company in its operation.

A reconciliation of the carrying amounts at the beginning end of September 30, 2025 and December 31, 2024, is shown below:

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Cost		
Balance, beginning of the year	₱ 3,170,692	₱ 3,170,692
Additions	<u>123,500</u>	<u>-</u>
Balance, end of the year	<u>3,294,192</u>	<u>3,170,692</u>
Accumulated Amortization		
Balance, beginning of the year	1,532,784	898,646
Amortization	<u>475,603</u>	<u>634,138</u>
Balance at end of year	<u>2,008,387</u>	<u>1,532,784</u>
Carrying amount	<u>₱ 1,285,805</u>	<u>₱ 1,637,908</u>

No impairment losses on intangible assets were recognized in September 30, 2025 and December 31, 2024. The amortization of intangible asset is presented as part of operating expenses (Note 21). The Company's intangible asset is expected to be amortized over its useful life of five (5) years.

NOTE 13 - TRADE AND OTHER PAYABLES

This account consists of:

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Trade payable	₱ 142,854,797	₱ 144,849,182
Accrued expense	87,691,419	41,472,113
Cash bond	<u>100,000</u>	<u>-</u>
	<u>₱ 230,646,216</u>	<u>₱ 186,321,295</u>

Trade payable pertain to payable to suppliers of medical/hospital equipment and supplies.

Accrued expenses represent accrual of interest on bank loans, professional fees, utilities, salaries and wages and outside services.

Cash bond pertains to security for the settlement of the Company's obligations within the agreed credit limit terms to MI Healthcare Inc. In the event of non-payment, the bond may be applied to the outstanding balance. This is refundable upon termination of agreement.

NOTE 14 - RETENTION PAYABLE

This refers to the amounts withheld by the Company from the payment to building contractors. This is equivalent to 10% of progress billing as provided in the construction contract. This will be paid to the contractor after turnover and total satisfaction on the workmanship on the project. This amounted to ₱16,178,250 and ₱16,815,238 as at September 30, 2025 and December 31, 2024.

NOTE 15 - DEPOSIT FOR FUTURE STOCK SUBSCRIPTION

On November 1, 2023, the Board of Directors and Shareholders, approved the issuance of Fifty-One Thousand Two Hundred Ninety-One (51,291) shares from the unissued Capital Stock of the Company with a par value of One Thousand Pesos (₱1,000) each. The Company received from its Shareholders a deposit amounting to ₱1,129,605 as of September 30, 2025 and December 31, 2024 and was accounted for as deposit for future stock subscription.

NOTE 16 - OTHER CURRENT LIABILITIES

This account consists of:

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Statutory payable	₱ 1,155,297	₱ 2,323,867
Due to BIR	1,104,780	750,748
	₱ 2,260,077	₱ 3,074,615

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

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

NOTE 17 - LOANS PAYABLE

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

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Current	₱ 131,196,719	₱ 121,540,391
Non-current	787,677,894	791,640,646
Total	₱ 918,874,613	₱ 913,181,037

Land Bank of the Philippines

The Company obtained credit lines from Land Bank of the Philippines (LBP) with various draw down as follows; on September 1, 2016 the amounts of ₱465,000,000 payable in ten (10) years and ₱ 35,000,000 payable in seven (7) years, and on August 24, 2019 the amounts of ₱350,000,000 payable in seven (7) years. The purpose of the ₱465,000,000 term loan was to finance the construction of the hospital building while the ₱35,000,000 and ₱350,000,000 term loans were intended for the acquisition of various medical machines and equipment. As of December 31, 2023, all amounts are fully drawn.

These loans are secured by a real estate mortgage, covering the Company's land and building, including all existing and future improvements thereon. The credit line for the construction of the hospital building was provided with 3 years grace period on the principal payments, while the credit line for the acquisition of various medical machines and equipment was provided with 2 years grace period. Interest at stated rate is 6% per annum.

The Company's land and building with a total carrying value of ₱1,134,835,593, and ₱1,149,027,382 as of September 30, 2025 and December 31, 2024, respectively, and medical equipment with a carrying amount of ₱100,011,382 and ₱112,628,251, as at September 30, 2025 and December 31, 2024, respectively were used as collateral for the loan. (Note 11)

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 80:20, percentage of ownership of specific shareholders and additional guarantees for the incurrence of additional long-term indebtedness. As of September 30, 2025 and December 31, 2024, the Company is compliant with the terms of its loan agreement.

On December 18, 2020, the Company obtained additional loan from LBP amounting to ₱50,000,000 for working capital purposes. This is payable in 10 bi-annual payments with interest of 5.75% per annum. This loan is not secured by any collateral.

On September 20, 2021, the Company applied for the renewal of the short-term loan amounting to ₱50,000,000 for working capital purposes.

In 2022, the Company availed additional loan amounting to ₱27,500,000 for working capital purposes. In the same year, LBP approved the Company's request for the deferment of the principal repayments for Term Loan 2 and Term Loan 3 amounting to ₱17,222,222. The principal repayment for Term Loan 1 amounting to ₱5,000,000 due on September 2022 will be spread equally during the remaining amortization period to commence on December 2, 2022. The principal repayment for Term 3 amounting to ₱6,111,111 per quarter due on May 24, 2022 and August 24, 2022 will be spread equally during the remaining amortization commencing on November 24, 2022.

In 2023, the Company obtained short-term loan from Security Bank amounting to ₱26,500,000 with interest rate of 7.88% per annum for working capital purposes, payable in five (5) years.

On August 22, 2024, the Company restructured its Land Bank loans by consolidating all term and short-term loans into a single seven-year loan with a two-year principal grace period. The loan carries an interest rate of 10.9427% per annum. Quarterly payments of ₱6 million are required for the first two years.

Shareholders and Other Entities

The Company entered into a loan agreement with its shareholder and other individuals/entities to augment its fund for working capital purposes. These loans are subject to 12% interest per annum. Outstanding balance amounts to ₱125,947,239 and ₱116,541,658 as at September 30, 2025 and December 31, 2024.

Movement of loans payable is as follows:

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Beginning balance	₱ 913,181,037	₱ 909,365,723
Proceeds	9,405,581	25,372,822
Payments	(3,712,005)	(21,557,508)
Ending balance	<u>₱ 918,874,613</u>	<u>₱ 913,181,037</u>

Total interest incurred that were charged to profit and loss from these loans for the nine months ended September 30, 2025, year ended December 31, 2024, and nine months ended September 30, 2024 amounted to ₱78,897,570, ₱83,987,936 and ₱47,703,506, respectively.

NOTE 18 - EQUITY

Capital Stock

The Company is authorized to issue Two Hundred Forty Thousand (240,000) with par value of One Thousand Pesos (₱1,000) per share. Fully paid share capital as of September 30, 2025, year ended

December 31, 2024, and September 30, 2024 amounted to ₱226,450,000, ₱226,170,000 and ₱223,496,745, respectively.

A reconciliation of the outstanding shares at the beginning and end of September 30, 2025, December 31, 2024 and September 30, 2024 is shown below:

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)	30-Sept-2024 (Unaudited)
Outstanding, beginning	228,969	174,934	174,934
Issuance	40	54,399	48,653
Reacquisition	(10)	(364)	(91)
Outstanding, ending	228,999	228,969	223,496

The Company has sixty-four (64) shareholders as of September 30, 2025, owning 100 or more shares each. The Founders have the executive right to vote and be voted for the election of directors for five (5) consecutive years from the date of registration. Thereafter, the holder of founder's shares shall have the same rights and privileges with the holders of common shares.

In 2024, the Company issued 54,000 common shares at ₱1,000 per share, drawn from the unissued portion of the Corporation's 240,000 authorized shares.

The issuance was approved by the Board of Directors and complied with applicable regulatory requirements.

Treasury Shares

In 2019, the Company received an order from SEC directing the Company to return the value of investment upon written request of investors. This order applies to 1,533 shareholders in the initial list submitted to SEC. In line with this order, the Company returned the cost of 26 common shares of two shareholders in 2020 and 63 common shares of six shareholders in 2019 who withdrew their investment and were part of the initial 1,533 shareholders, despite the accumulated deficit and without the requirement of capital appropriation.

The Company reacquired the total of sixty-three (63) common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱1,300,000. Of this amount, three shares were repurchased at par, one block was repurchased at ₱300,000, and the remaining five blocks were purchased at ₱200,000 per block.

As at December 31, 2022, the Company reacquired a total of 23 common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱403,000.

As at December 31, 2023, the Company's total reacquired common shares is 79 shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱2,321,000.

As at December 31, 2024, the Company's total reacquired common shares is 364 shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱2,627,000.

For the nine months ended September 30, 2025, the Company reacquired a total of 10 common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱203,000.

These treasury shares are stated at acquisition cost and are deducted from equity. Treasury shares amounted to ₱8,496,000, ₱8,266,000 and ₱7,660,000 as at September 30, 2025, December 31, 2024, and September 30, 2024, respectively.

Subscribed Capital Stock/Share Premium

Subscribed capital stock as of as at September 30, 2025, December 31, 2024, and September 30, 2024 amounted to ₱3,025,000, ₱3,265,000 and ₱3,315,000 comprising of 307 blocks, 327 blocks and 344 blocks, respectively. Each block is sold at a premium of ₱200,000 or ₱300,000. Share premium from these transactions as of September 30, 2025, December 31, 2024 and September 30, 2024 amounted to ₱496,166,706, ₱495,006,706 and ₱492,976,706, respectively.

Revaluation Surplus

This account pertains to the revaluation gains on Land. (Note 11)

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Balance at beginning of year	₱ 126,523,098	₱ 126,523,098
Fair value gains	-	-
Tax effect	-	-
Other comprehensive income after tax	-	-
Balance at end of year	₱ 126,523,098	₱ 126,523,098

NOTE 19 - REVENUES - net

Details of the Company's revenues are as follows:

	<u>January to September</u>		<u>July to September</u>	
	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)
Hospital fees, net				
Hospital fees	₱ 169,152,232	₱ 137,867,855	₱ 60,700,643	₱ 58,771,061
Less: Hospital Discounts	28,749,178	15,752,840	11,778,755	6,879,880
	140,403,054	122,115,015	48,921,888	51,837,181
Sale of drugs and medicines, net				
Sale of drugs and medicines	67,690,136	43,015,859	25,048,861	20,775,946
Less: Sales Discounts	5,907,231	4,263,705	2,376,004	1,585,580
	61,782,905	39,752,154	22,672,857	19,190,366
	₱ 202,185,959	₱ 161,867,168	₱ 71,594,745	₱ 71,027,546

Hospital and sales discounts are discount extended to patients, senior citizen, PWD and other government mandated beneficiaries, it also includes management discounts.

NOTE 20 - COST OF SALES AND SERVICES

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

	January to September		July to September	
	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)
Supplies	₱ 44,280,420	₱ 32,400,234	₱ 13,816,772	₱ 14,370,158
Salaries and wages	41,491,946	53,837,397	12,975,359	14,534,283
Depreciation	28,203,001	28,628,366	9,372,388	9,964,659
Professional fees	17,360,470	15,544,370	5,738,545	5,440,425
Utilities	9,560,671	9,168,554	3,396,145	3,687,532
Dietary	6,341,848	4,922,820	1,570,412	873,060
Housekeeping	2,922,900	2,535,838	667,185	693,568
Service fees	1,930,077	2,895,064	561,220	1,001,359
	<u>₱ 152,091,333</u>	<u>₱ 149,932,643</u>	<u>₱ 48,098,026</u>	<u>₱ 50,565,044</u>

NOTE 21 - OPERATING EXPENSES

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

	January to September		July to September	
	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)
Salaries and wages	₱ 15,041,494	₱ 32,987,138	₱ 6,923,820	₱ 14,529,150
Corporate events expenses	10,785,000	-	3,655,000	-
Utilities	3,538,165	3,320,582	1,199,771	1,299,061
Repairs and maintenance	3,141,293	1,671,645	948,907	913,894
Security services	3,072,183	3,121,201	749,182	968,908
Depreciation (Note 23)	2,892,238	2,572,604	964,081	205,053
Meeting and conferences	2,683,597	2,209,699	1,360,465	780,415
Office supplies	1,404,981	676,707	402,680	290,058
Credit losses	1,295,363	-	1,295,363	-
Taxes and licenses	1,282,171	7,727,214	148,129	6,502,464
Professional fee	835,850	1,077,143	284,939	279,154
Transportation and travel	612,268	11,056,721	194,217	3,607,394
Bank service charge	562,322	663,081	246,642	231,693
Training and development	537,133	363,106	392,636	73,128
Amortization (Note 12)	475,603	475,604	158,535	319,052
Insurance	-	824,963	-	824,963
Miscellaneous	1,910,333	1,122,358	772,358	614,078
	<u>₱ 50,069,994</u>	<u>₱ 69,869,766</u>	<u>₱ 19,696,725</u>	<u>₱ 31,438,465</u>

NOTE 22 - OTHER INCOME

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

	January to September		July to September	
	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)
Income from cafeteria	₱ 6,616,307	₱ 7,378,491	₱ 2,196,210	₱ 3,107,193
Recovery of allowance	-	8,714,784	(1,086,557)	(8,711,787)
Interest income (Note 6)	4,872	2,248	2,612	654
Miscellaneous income	1,989,537	34,211,581	952,489	11,264,973
	<u>₱ 8,610,716</u>	<u>₱ 50,307,104</u>	<u>₱ 2,604,754</u>	<u>₱ 5,661,033</u>

NOTE 23 - DEPRECIATION, AMORTIZATION, AND EMPLOYEE BENEFITS

Depreciation, amortization and employee benefits were presented as follows:

30-Sept-2025 (Unaudited)

	Direct Costs	Operating Expense	Total
Depreciation	₱ 28,203,001	₱ 2,892,238	₱ 31,095,239
Amortization	-	475,603	475,603
Employee benefits*	<u>41,491,946</u>	<u>15,041,494</u>	<u>56,533,440</u>

*Employee benefits includes salaries and wages and benefits

30-Sept-2024 (Unaudited)

	Direct Costs	Operating Expense	Total
Depreciation	₱ 28,628,366	₱ 2,572,604	₱ 31,200,970
Amortization	-	475,604	475,604
Employee benefits*	<u>53,837,397</u>	<u>32,987,138</u>	<u>86,824,535</u>

*Employee benefits includes salaries and wages and benefits

NOTE 24 - INCOME TAXES

Income tax benefit for the nine months ended September 30 is computed as follows:

	January to September		July to September	
	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)
Current	₱ 1,188,220	₱ 1,070,492	₱ 547,119	₱ 696,693
Deferred	<u>(18,754,689)</u>	<u>(14,903,824)</u>	<u>(5,278,837)</u>	<u>(5,999,686)</u>
	<u>₱ (17,566,469)</u>	<u>₱ (13,833,332)</u>	<u>₱ (4,731,718)</u>	<u>₱ (5,302,993)</u>

Reconciliation between statutory tax and effective tax follows:

	January to September		April to September	
	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)	30-Sept-2025 (Unaudited)	30-Sept-2024 (Unaudited)
Income tax at statutory rate	₱ (17,565,556)	₱ (13,832,911)	₱ (4,731,229)	₱ (5,302,871)
Tax effects of income subject to final tax	(1,218)	(561)	(653)	(163)
Tax effects of interest expense	<u>305</u>	<u>140</u>	<u>164</u>	<u>41</u>
Effective income tax	<u>₱ (17,566,469)</u>	<u>₱ (13,833,332)</u>	<u>₱ (4,731,718)</u>	<u>₱ (5,302,993)</u>

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

	January to September		July to September	
	30-Sept-2025	30-Sept-2024	30-Sept-2025	30-Sept-2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss before tax	₱ (70,262,222)	₱ (55,331,646)	₱ (18,924,915)	₱ (21,211,482)
Permanent differences:				
Interest income	(4,872)	(2,245)	(2,612)	(654)
Interest expense	1,218	561	653	163
Temporary differences:				
Credit losses (recovery)	1,295,363	(8,714,784)	2,381,920	8,711,787
Taxable loss	₱ (68,970,513)	₱ (64,048,113)	₱ (16,544,954)	₱ (12,500,185)
Minimum Corporate Income Tax:				
Taxable gross income	₱ 58,705,342	₱ 53,524,597	₱ 27,355,946	₱ 34,834,668
Tax rate	2%	2%	2%	2%
	1,188,220	1,070,492	541,119	696,693
Tax due	1,188,220	1,070,492	541,119	696,693
Less: Tax credits				
Prior Year's Excess Credit	(4,160,450)	(2,723,756)	-	-
Creditable taxes	(2,313,455)	(2,493,307)	(503,159)	(451,973)
Prepaid income tax	₱ (5,285,685)	₱ (4,149,571)	₱ 43,960	₱ 244,720

The net deferred tax assets pertain to the following as of September 30, 2025 and December 31, 2024, and the related deferred tax expense (income) for the nine months ended September 30, 2025 and 2024 follows:

	Statements of Comprehensive Income			
	Statements of Financial Position		Profit or Loss	
	30-Sep-25	31-Dec-24	30-Sep-25	30-Sep-24
Deferred tax asset - MCIT	₱ 2,570,444	₱ 1,382,224	₱ 1,188,220	₱ 1,070,492
Deferred tax asset - NOLCO	131,552,639	114,310,011	17,242,628	16,012,028
Allowance for credit losses	4,455,237	4,131,396	323,841	(2,178,696)
Revaluation of land	(42,174,366)	(42,174,366)	-	-
Net deferred tax assets	₱ 96,403,954	₱ 77,649,265		
Deferred tax benefit (expense)			₱ 18,754,689	₱ 14,903,824

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

Details of Company's NOLCO which can be claimed as deductions against future taxable income for the five (5) consecutive taxable years in reference to RR 25 - 2020 are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Date of Expiration
2021	₱123,367,305	₱ -	₱ -	₱123,367,305	December 31, 2026
2020	32,687,003	-	-	32,687,003	December 31, 2025
	₱156,054,308	₱ -	₱ -	₱156,054,308	

Details of Company's NOLCO which can be claimed as deductions against future taxable income for the three (3) consecutive taxable years are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Date of Expiration
30-Sept-2025	₱68,970,513	₱ -	₱ -	₱68,970,513	December 31, 2028
2024	105,180,215	-	-	105,180,215	December 31, 2027
2023	112,360,781	-	-	112,360,781	December 31, 2026
2022	94,339,672	-	-	94,339,672	December 31, 2025
	<u>₱380,851,181</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱380,851,181</u>	

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

Details of MCIT follow:

Date Incurred	Date of Expiration	Amount	Applied	Expired	Balance
30-Sept-2025	2028	₱ 1,188,220	₱ -	₱ -	₱ 1,188,220
31-Dec-2024	2027	1,166,039	-	-	1,166,039
31-Dec-2023	2025	216,185	-	-	216,185
		<u>₱ 2,570,444</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 2,570,444</u>

NOTE 25 - RELATED PARTY TRANSACTIONS

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

30- Sept-2025 (Unaudited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Major Shareholders	Loans	₱ -	₱ 104,139,668	Interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Payment	(401,990)			
	Deposit for future stock subscription	-	1,129,605		

31- Dec-2024 (Audited)

Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Major Shareholders	Loans	₱ 12,372,822	₱ 104,541,658	Interest bearing; payable in cash; no scheduled repayment terms	Unsecured
	Payment	(8,981,164)			
	Deposit for future stock subscription	(38,100,395)	1,129,605		

Cash Advances

The Company obtains cash loans from shareholders for working capital purposes. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Loans payable account in the statements of financial position.

Key Management Personnel Compensations

No key management compensations were paid for the nine months ended September 30, 2025, year ended December 31, 2024 and nine months ended September 30, 2024.

NOTE 26 - 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 September 30,2025 and December 31, 2024 based on contractual undiscounted payment.

	September 30, 2025 (Unaudited)		
	Within 1 year	Above 1 Year	Total
Trade and other payables	₱ 230,646,216	₱ -	₱ 230,646,216
Loans payable	145,935,110	1,111,067,211	1,257,002,321
Retention payable	16,178,250	-	16,178,250
	₱ 392,759,576	₱ 1,111,067,211	₱1,503,826,787

	December 31, 2024 (Audited)		
	Within 1 year	Above 1 Year	Total
Trade and other payables	₱ 186,321,295	₱ -	₱ 186,321,295
Loans payable	135,525,390	1,257,904,637	1,393,450,027
Retention payable	16,815,238	-	16,815,238
	<u>₱ 338,661,923</u>	<u>₱ 1,257,904,637</u>	<u>₱ 1,596,566,560</u>

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 loans amounting to ₱918,874,613 and ₱913,181,637, as at September 30, 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		
	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)	3 -Sept-2024 (Unaudited)
+1%	₱ (9,188,746)	₱ (9,131,810)	₱ (7,978,289)
-1%	9,188,746	9,131,810	7,978,289

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.

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, receivables and loans receivable. The Company has adopted stringent procedure in extending credit terms and in monitoring its credit risk.

The Company continuously monitors defaults of officers and affiliates, 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 September 30, 2025 and December 31, 2024.

Credit Quality per Class of Financial Asset

September 30, 2025 (Unaudited)						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	P= 30,659,300	P= -	P= -	P= -	P= -	P 30,659,300
Trade and other receivables	515,442	30,409,828		23,591,473		54,516,743
	<u>P= 31,174,742</u>	<u>P=30,409,828</u>	<u>P= -</u>	<u>P=23,591,473</u>	<u>P= -</u>	<u>P= 85,176,043</u>
December 31, 2024 (Audited)						
Neither Past Due nor Impaired						
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	P= 24,011,432	P= -	P= -	P= -	P= -	P= 24,011,432
Trade and other receivables	812,734	12,583,655		33,930,955		47,327,344
	<u>P= 24,824,166</u>	<u>P= 12,583,655</u>	<u>P= -</u>	<u>P= 33,930,955</u>	<u>P= -</u>	<u>P= 71,338,776</u>

Details of past due accounts but not impaired is as follows:

September 30, 2025 (Unaudited)				
Past due account but not impaired				
	1-30 days past due	31-60 days past due	61-90 days past due	91 and over days past due
Trade receivables	<u>P 7,550,561</u>	<u>P2,566,955</u>	<u>P 617,783</u>	<u>P12,856,174</u>
				<u>P 23,591,473</u>
December 31, 2024 (Audited)				
Past due account but not impaired				
	1-30 days past due	31-60 days past due	61-90 days past due	91 and over days past due
Trade receivables	<u>P 9,333,606</u>	<u>P 2,828,844</u>	<u>P 2,709,975</u>	<u>P 19,058,530</u>
				<u>P 33,930,955</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.

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.

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Cash in banks	P 25,660,003	P 24,011,432
Trade and other receivables	36,695,794	30,801,758
	<u>P 62,355,797</u>	<u>P 54,813,190</u>

Cash excludes cash on hand amounting to P4,999,297 and P3,911,026 in September 30, 2025 and December 31, 2024, respectively.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and advances to contractors as described below.

(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 ₱500,000 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.

On that basis, the loss allowance as at September 30, 2025 and December 31, 2024 was determined based on months past due, as follows for trade receivables:

September 30, 2025 (Unaudited)						
	Current	1-30 days	31-60 days	61-90 days	91 days and over	Total
Expected loss rate	2%	5%	7%	10%	15%	100%
Trade receivables	₱ 7,350,561	₱ 2,566,955	₱ 617,783	₱ 901,118	₱ 1,604,140	₱ 23,591,473
Loss allowance	<u>147,011</u>	<u>128,348</u>	<u>43,245</u>	<u>90,112</u>	<u>240,621</u>	<u>₱ 11,200,253</u>
December 31, 2024 (Audited)						
	Current	1-30 days	31-60 days	61-90 days	91 days and over	Total
Expected loss rate	2%	5%	7%	10%	15%	100%
Trade receivables	₱ 12,583,655	₱ 9,333,606	₱ 2,828,844	₱ 2,709,975	₱ 376,841	₱ 43,114,610
Loss allowance	<u>251,673</u>	<u>466,680</u>	<u>198,019</u>	<u>270,997</u>	<u>56,526</u>	<u>₱ 13,125,586</u>

A reconciliation of the closing loss allowance for trade receivables as at September 30, 2025 and December 31, 2024, are presented below:

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Balance, beginning	₱ 13,125,586	₱ 25,967,540
Credit losses (Note 7)	-	-
Recovery of allowance	(1,925,333)	(12,841,954)
Balance, end	<u>₱ 11,200,253</u>	<u>₱ 13,125,586</u>

Other receivables

The loss allowance is determined using the general approach. The allowances were adjusted to reflect the current and forward-looking factors affecting the ability of the counterparty to settle in receivables.

The movement in the allowance for credit as at September 30, 2025 and December 31, 2024 are presented below:

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Balance, beginning	₱ 3,400,000	₱ 3,400,000
Credit losses (Note 7)	3,220,696	-
Recovery of allowance	-	-
Balance, end	<u>₱ 6,620,696</u>	<u>₱ 3,400,000</u>

NOTE 27 - CAPITAL MANAGEMENT

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.

	30-Sept-2025 (Unaudited)	31-Dec-2024 (Audited)
Liabilities	₱ 1,169,088,761	₱ 1,120,521,790
Equity	<u>356,058,963</u>	<u>407,757,716</u>
Debt-to-Equity Ratio	<u>3.28:1</u>	<u>2.75:1</u>

NOTE 28 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at September 30, 2025 and December 31, 2024:

		September 30, 2025 (Unaudited)			
		Fair Value			
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Land	11	277,318,000			277,318,000
Assets for which fair values are disclosed:					
Cash in banks	6	= 25,660,003 =	-	= 25,660,003 =	-
Trade and other receivables	7	36,695,794	-	36,695,794	-
		<u>= 339,673,797 =</u>	<u>-</u>	<u>= 62,355,797</u>	<u>₱ 277,318,000</u>

		September 30, 2025 (Unaudited)			
		Fair Value			
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Note	Carrying Amount				
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 230,646,216	=	-	₱ 230,646,216 = -
Loans payable	17	918,874,613	=	-	918,874,613 = -
Retention and professional fees payable	14	16,178,250	=	-	16,178,250 = -
		<u>₱ 1,165,699,079</u>	<u>=</u>	<u>-</u>	<u>₱ 1,165,699,079 = -</u>
		December 31, 2024 (Audited)			
		Fair Value			
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Note	Carrying Amount				
Assets measured at fair value:					
Land	11	277,318,000			277,318,000
Assets for which fair values are disclosed:					
Cash in banks	6	P= 24,011,432	P= -	P= 24,011,432	P= -
Trade and other receivables	7	30,801,758	=	30,801,758	=
		<u>P= 332,131,19</u>	<u>P= -</u>	<u>P= 54,813,190</u>	<u>P= 277,318,000</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	P=186,321,295	P= -	P=186,321,295	P= -
Loans payable	17	913,181,037	=	913,181,037	=
Retention and professional fees payable	14	16,815,238	=	16,815,238	=
		<u>P=1,116,317,570</u>	<u>P= -</u>	<u>P= 1,116,317,570</u>	<u>P= -</u>

NOTE 29 - RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

30-Sept-2025 (Unaudited)

	Loans Payable
Balance as of January 1, 2025	₱913,181,037
Cash flow from Financing Activities:	
Additional Borrowing	9,405,581
Repayment of Borrowing	(3,712,005)
Balance, September 30, 2025	<u>918,874,613</u>

30-Sept-2024 (Unaudited)

	Loans Payable
Balance as of January 1, 2024	₱909,365,723
Cash flow from Financing Activities:	
Additional Borrowing	-
Repayment of Borrowing	(12,373,518)
Balance, September 30, 2024	<u>₱896,992,205</u>

NOTE 30 - 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 financial statements.

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

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

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

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

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

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

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

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

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

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

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

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of September 30, 2025

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
N. Bacalso Avenue, Basak Pardo, Cebu City

Unappropriated Retained Earnings, beginning of reporting period	(434,941,088)
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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	(434,941,088)
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Add/Less: Net Income (Loss) for the current year	(52,695,753)
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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	-	
• 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	-	
• Sub-total		-

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of September 30, 2025

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
N. Bacalso Avenue, Basak Pardo, Cebu City

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	-
• Sub-total	-

Adjusted Net Income (Loss) **(52,695,753)**

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 **₱ - nil -**

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - CEBU INC.
FINANCIAL SOUNDNESS INDICATORS

For The Nine Months Ended September 30, 2025, Year Ended December 31, 2024
and Nine Months Ended September 30, 2024

Current Ratio

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Total current assets	₱ 187,612,222	₱ 182,492,146
Total current liabilities	381,410,867	328,881,144
Current ratio	0.492:1	0.555:1

Quick Ratio

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Total liquid asset	₱ 91,775,361	₱ 84,744,483
Total current liabilities	381,410,867	328,881,144
Quick ratio	0.241:1	0.258:1

Working Capital to Total Asset

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Working capital	₱ (193,798,645)	₱ (146,388,998)
Total assets	1,525,147,724	1,528,279,506
Working capital ratio	-0.127:1	-0.096:1

Solvency Ratio

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Net income (loss) after tax +	₱ (21,124,911)	₱ (27,079,312)
Depreciation/Amortizaion	1,169,088,761	1,120,521,790
Total liabilities	-0.018:1	-0.024:1
Solvency ratio		

Debt-to-equity Ratio

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Total liabilities	₱ 1,169,088,761	₱ 1,120,521,790
Total equity	356,058,963	407,757,716
Debt-to-equity ratio	3.283:1	2.748:1

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - CEBU INC.
FINANCIAL SOUNDNESS INDICATORS

For The Nine Months Ended September 30, 2025, Year Ended December 31, 2024
and Nine Months Ended September 30, 2024

Asset-to-equity Ratio

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Total assets	₱ 1,525,147,724	₱ 1,528,279,506
Total equity	356,058,963	407,757,716
Asset to equity ratio	4.283:1	3.748:1

Interest Rate Coverage Ratio

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Pre-tax profit (loss) before interest	₱ 8,635,348	₱ (7,628,140)
Interest expense	78,897,570	47,703,506
Interest rate ratio	0.109:1	-0.16:1

Profitability Ratios

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Net profit (loss) after tax	₱ (52,695,753)	₱ (41,498,314)
Total equity	356,058,963	431,526,887
	-0.148:1	-0.096:1

a.) Return on asset ratio

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Net income (loss) after tax	₱ (52,695,753)	₱ (41,498,314)
Average assets	1,526,713,615	1,529,092,567
	-0.035:1	-0.027:1

b.) Return on equity ratio

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Net profit (loss) after tax	₱ (52,695,753)	₱ (41,498,314)
Average equity	381,908,340	427,911,172
	-0.138:1	-0.097:1

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - CEBU INC.

FINANCIAL SOUNDNESS INDICATORS

For The Nine Months Ended September 30, 2025, Year Ended December 31, 2024

and Nine Months Ended September 30, 2024

c.) Gross Profit Margin Ratio

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Net profit (loss) before tax	₱ (70,262,222)	₱ (55,331,646)
Gross profit	50,094,626	11,934,525
	<u>-1.403:1</u>	<u>-4.636:1</u>

d.) Net Profit Margin

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Net profit (loss) after tax	₱ (52,695,753)	₱ (41,498,314)
Revenue	202,185,959	161,867,168
	<u>-0.261:1</u>	<u>-0.256:1</u>