

MANAGEMENT REPORT AS OF 30 SEPTEMBER 2025

A. DESCRIPTION OF BUSINESS

ACE Medical Center-Zamboanga City, Inc. (ACE-MCZ) is a private healthcare institution initiated by a group of doctors and non-medical incorporators that aims to establish a modern, state-of-the-art and technologically-advanced healthcare facility in the region. This 10-storey facility shall house the 200-bed capacity hospital with multi-specialty departments located at Don Alfaro Street, Barangay Tetuan, Zamboanga City. Aiming to provide access to healthcare products to complement the services including medicines, medical supplies, etc. A combination of competent human resources, modern and technologically-advanced facilities and equipment, reliable policies, procedures and systems.

ACE Medical Center-Zamboanga City, Inc. was incorporated on 18 December 2015 by a group of specialists from Manila & Zamboanga. Equipped with zeal and passion in providing a state of the art and specialized health services and with competence in provision of medical services and management by majority of the incorporators had established the first of its kind healthcare facility in the region. The birth of the medical center shall bring about a significant new face of healthcare services in Zamboanga peninsula and Basulta.

The group initially composed of doctors and consultants from Manila and Zamboanga City, experienced & competent non-medical staff had opened the venture with stock or shareholders. Over the past years, the company gradually attracted more shareholders which made the realization of the dream to put up the hospital possible. Premier Medical Center Zamboanga City would gradually travel through growth and development.

The approach of ACE Medical Center-Zamboanga City, Inc. is the establishment of a policy-driven healthcare facility that ensures safe and quality care including state of the art Operating Room Unit, first in-the-city Eye Center and Dental Center inside the building.

On 17 August 2019, the Issuer amended Article I (corporate name) and Article VI (number of directors) of its Articles of Incorporation. The corporate name under Article I was amended to "Allied Care Experts (ACE) Medical Center-Zamboanga City, Inc., doing business under the name and style of Premier Medical Center Zamboanga". Article VI was amended to decrease the number of the members of the board of directors from fifteen (15) members to nine (9) members.

On 27 November 2021, the Issuer amended Article III (principal place of business) and Article VII (converting the preferred shares to common shares) of its Articles of Incorporation duly approved by the SEC on 7 March 2024. The Issuer likewise amended its By-Laws, more particularly Article II Section 1 (annual meeting); Section 3 (place of meeting) and Section 7 (manner of voting); and Article VI Section 1 (principal place of business).

ACE Medical Center-Zamboanga City, Inc. was established to maintain, operate, own, and manage hospitals, medical and related healthcare facilities, and businesses such as but without restriction to clinical laboratories, diagnostic centers, ambulatory clinics, condo hospitals, scientific research, and other allied undertakings and services which shall provide medical, and services surgical, nursing, therapeutic, paramedic, or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

It is the mission of ACE Medical Center - Zamboanga City, Inc. to set up a tertiary health care facility with an organized, systematic, cost-effective, sympathetic, and holistic approach to its goal of providing the best quality and justifiable medical services to its clients and stakeholders.

ACE Medical Center Zamboanga will be a 10-story 200-bed capacity hospital, with floor area of 20,165.35 sqm, constructed in a 12,200 sqm property located in Zamboanga City, along Don Alfaro Street, Barangay Tetuan. It will be a multidisciplinary specialty medical facility that will house medical specialists who are subscribers to the capital stock of the Corporation. The intended and considered markets for its shares are mostly medical specialists and individuals who are related to medical specialists.

The act of purchasing the securities being offered does not automatically entitle such purchaser to practice his profession and use the facilities of ACE Medical Center Zamboanga, Inc., although it is a prerequisite. Physicians and medical specialists who are subscribers to at least one (1) block or fifteen (15) shares of the capital stock issued under this Registration Statement, and have paid in full may be allowed to practice. Such purchasers have to undergo the required screening process and must possess the minimum requirements as provided under the Internal Rules of the Hospital. After successfully passing this process, the applicant shall then be entitled to the privileges offered by the Hospital. The privilege to practice in the Hospital is subject to restrictions, limitations, and obligations as may be imposed by ACE Medical Center - Zamboanga City, Inc. pursuant to rules and duly approved resolutions. Medical Specialists who have been granted the privilege to practice shall continuously possess the required qualifications and may be subjected to post-qualification assessment to ensure the quality of service provided by the hospital.

ACE Medical Center - Zamboanga City, Inc. will assess and collect from each duly admitted medical specialist the appropriate lease/rental fee for the Doctor's clinic and monthly dues effective on the date of turnover.

| Operations | Year | Services |
|---------------------|------|---|
| Ambulatory Services | 1 | <p>An ambulatory service is a government or privately owned institution which is primarily organized, constructed, renovated or otherwise established for the out-patients whose recovery, under normal and routine circumstances, will not require inpatient care.</p> <p>ACE Medical Center - Zamboanga City, Inc. shall have as minimum, all of outpatient care services, including, but not limited to, the following:</p> <ol style="list-style-type: none"> 1. Laboratory 2. Radiology 3. Pharmacy 4. Dialysis 5. Medical Arts (Clinics) 6. Eye Center 7. Cardio-Pulmo Unit 8. Rehab Unit |

| | | |
|---------|---|--|
| Level 2 | 2 | <p>A Level 2 Hospital shall have as minimum, all of Level 1 capacity, including, but not limited to, the following</p> <ol style="list-style-type: none"> 1. An organized staff of qualified and competent personnel with Chief of Hospital/Medical Director and appropriate board-certified Clinical Department Heads; 2. Departmentalized and equipped with the service capabilities needed to support board-certified/eligible medical specialists and other licensed physicians rendering services in the specialties of Medicine, Pediatrics, Obstetrics and Gynecology, Surgery; their subspecialties and ancillary services; 3. Provision for Intensive Care Units-- Medical ICU, Surgical ICU and Coronary Care Unit for critically ill patients; 4. Provision for PICU (Pediatric Intensive Care Unit) and NICU (Neonatal Intensive Care Unit); 5. Provision for HRP (High-Risk Pregnancy Unit). |
| Level 3 | 3 | <p>A Level 3 hospital shall have as a minimum, all of Level 2 capacity, including, but not limited to, the following:</p> <ol style="list-style-type: none"> 1. Teaching and/or training hospital with accredited residency training program for physicians in the four (4) major specialties namely: Medicine, Pediatrics, Obstetrics and Gynecology, and Surgery; 2. Provision for physical medicine and rehabilitation unit; <ol style="list-style-type: none"> 1. Provision for ambulatory surgical clinic; 2. Provision for dialysis facility; 3. Provision for blood bank; 4. A DOH-licensed tertiary clinical laboratory with standard equipment/reagents/supplies necessary for the performance of histopathology examinations; 5. A DOH-licensed level 3 imaging facility with interventional radiology. |

ACE-MCZ has not filed for bankruptcy , receivership , nor has been a subject of similar proceedings.

Neither has there been a reclassification , merger , consolidation , or purchase or sale of a significant amount of its assets not in the ordinary course of business.

In November 2023, the Hospital opened itself for outpatient services. After securing the License to Operate from the Department of Health for ancillary services, inpatient and dialysis (20 stations), for 24-beds, it started accepting patients on 01 July 2024.

The principal products and/or services offered by the Hospital are divided into Routine Services and Ancillary Services. The Routine Services include room and board, general nursing units, perioperative and operative services for general surgery and obstetrics and gynecology cases, and emergency services.

Ancillary Services include dietetics, pharmacy, pathology and clinical laboratories, imaging and cardiology and pulmonary units.

Competition

The Issuer belongs to the industry which caters to the need of the public and medical practitioners for hospital facilities. The Issuer's competitors include the following:

Zamboanga City Medical Center (ZCMC), known before as Zamboanga Regional Hospital, is a government owned hospital with authorized 800-bed capacity, ISO Certified for Quality Management System 9001:2015 Standard (International Organization for Standardization), caters Residency Trainings for physicians pursuing sub-specialties, COVID Facility, medical services hemodialysis, Help Emergency Management, Toxicology Unit, Multiple Drug Resistant (MDR) Treatment Center, TB-Dots Clinic, and other outpatient services. Located at Dr. Evangelista Street, barangay Sta. Catalina, Zamboanga City.

Zamboanga Doctors' Hospital, Inc. (ZDH) is the second private hospital in Zamboanga City that opened in 1966. To date, this hospital has a 150-bed capacity and plans to accommodate more to achieve 260. Offering in-patient and out-patient services, located at Veterans Avenue of the city.

West Metro Medical Center (West Metro) is a secondary-level private hospital located at Veterans Ave. Extension, Zamboanga City catering in-patient and out-patient services. As of 2015, the hospital has a capacity of 110 beds and ongoing construction of an annex will increase bed capacity to 190. It is operated by Metro Pacific Zamboanga Hospital Corporation (MPZHC) and a member of Metro Pacific Hospital Holdings, Inc. (MPHHI), one of the country's largest chain of private hospitals.

Ciudad Medical Zamboanga (CMZ) was established in 2001 by the Zamboanga Polymedic Hospital, Inc. that opened in 2003. CMZ is a partner of Mount Grace Hospitals, Inc. (MGHI), a private tertiary hospital operating with 160-bed capacity for in-patient services and catering out-patient services as well as a residency training program for physicians pursuing Internal Medicine specialty. Located at Mayor Vitaliano Agan Avenue, Zamboanga City.

Zamboanga Peninsula Medical Center, Inc. (ZamPen) is a level two general hospital employing approximately Four Hundred Eighty-Nine (489) staff. It started as Zamboanga Children's Hospital in 1999 catering the largest Pediatric care in the entire Zamboanga Peninsula. This hospital has One Hundred Ninety-Eight (198) bed capacity with Ancillary Services strategically available and of service to fully satisfy the needs of clients. Their rooms and other amenities are designed to deliver the comfort of the demands of the care.

Hospital De Zamboanga (HDZ), formerly known as Zamboanga Children's Hospital, is a level one hospital operating with 23 bed capacity offering affordable quality care for in-patient services and catering out-patient services. Located at Pilar Street, Zamboanga City beside Southern City Colleges.

Zamboanga Puericulture Center Maternity Lying-in Hospital is a level one hospital that caters 15-bed capacity with a vision of a globally competitive and holistic Non-Government Organization, providing an integrated health care program and development, relevant education, and excellent delivery of socio economic services. Located at P. Brillantes Street, Zamboanga City.

Universidad de Zamboanga Medical Center, Inc. (UZMC) formerly Zamboanga Arturo Eustaquio Colleges (ZAEC)-Zamboanga Medical Center, is an affiliate, non-profit training institution of Universidad de Zamboanga School of Allied Medicine. This level I hospital has Twenty five (25) bed capacity for in patient services and catering out-patient services as well. This hospital is located at San Jose Road, Zamboanga City.

Brent Hospital and Colleges Inc. (Brent) is a Level II tertiary hospital with 100-bed capacity as approved by the Department of Health (DOH), located along R.T. Lim Boulevard, offering services such as diagnostic and laboratory examinations, out-patient and in-patient services, emergency, surgery. The hospital is fully equipped with a centralized oxygen generator system.

Labuan General Hospital, previously known as the Labuan Public Hospital, is located in barangay Labuan-limpapa Road Zamboanga City. It is a Level II government-owned general hospital with authorized 100-bed capacity for general care services.

Mindanao Central Sanitarium (MCS) is a government owned 450-bed capacity and Department of Health (DOH) retained hospital that is ISO Certified for Quality Management System 9001:2015 Standard (International Organization for Standardization). Located at barangay Pasobolong, Zamboanga City, the sanitarium or “leper colony” more noted and known for the Mindanao Central sanitarium (MCS), was formerly named Zamboanga Leprosarium has been the second home for thousands of leprosy patients and their families, and for many, their final destination.

The following table shows the size (bed capacity), category, and classification of the foregoing hospital competitors.

| Name of Hospital | Address | Bed Capacity | Category | Level of Classification |
|---|-------------------------------------|--------------|----------|-------------------------|
| Zamboanga City Medical Center | Sta. Catalina, Zamboanga City | 800 | Public | 3 |
| Zamboanga Doctors' Hospital | Veterans Ave., Zamboanga City | 150 | Private | 2 |
| West Metro Medical Center | Veterans Ave. Ext., Zamboanga City | 110 | Private | 2 |
| Ciudad Medical Zamboanga | Nuñez Ext., Zamboanga City | 160 | Private | 2 |
| Zamboanga Peninsula Medical Center, Inc. | MCLL Highway, Putik, Zamboanga City | 198 | Private | 2 |
| Hospital De Zamboanga | Pilar St., Zamboanga City | 23 | Private | 1 |
| Zamboanga Puericulture Center Maternity Lying-in Hospital | P. Brillantes St., Zamboanga City | 15 | Private | 1 |
| Universidad de Zamboanga Medical Center, Inc. | San Jose Rd., Zamboanga City | 25 | Private | 1 |
| Brent Hospital and Colleges Inc. | R.T. Lim Blvd., Zamboanga City | 100 | Private | 2 |
| Labuan General Hospital | Labuan-Limpapa Rd., Zamboanga City | 100 | Public | 2 |
| Mindanao Central Sanitarium | Pasobolong, Zamboanga City | 450 | Public | 2 |

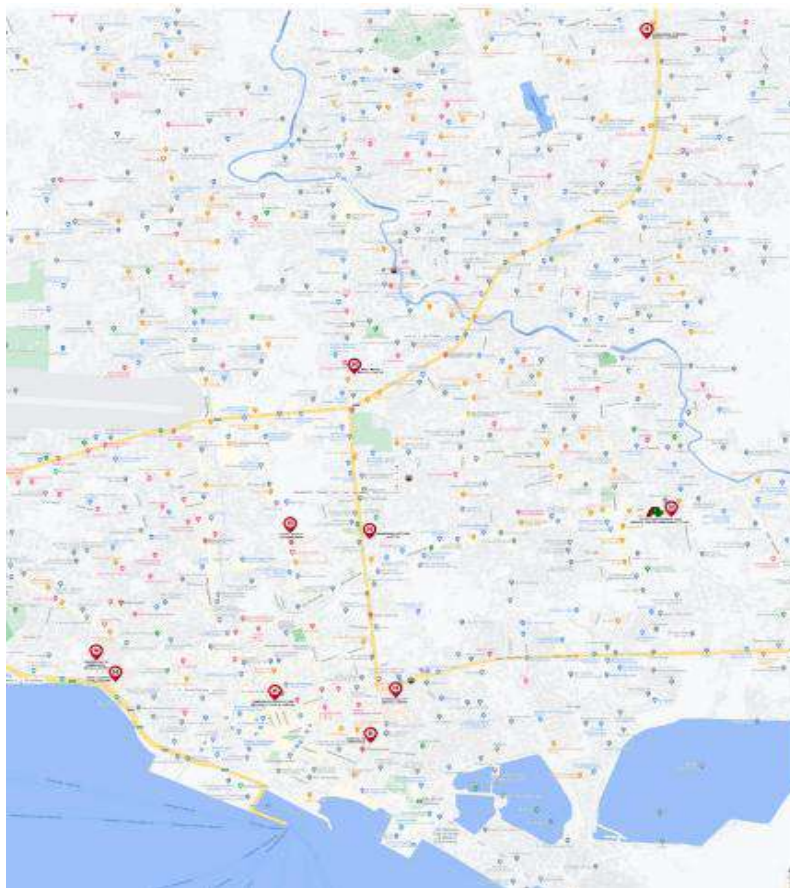
Competition in the hospital industry is very strong owing mainly due to the increasing number of new hospitals constructed and operational. There are several competitors within the Zamboanga Peninsula which have been operational for a long period of time.

There are also three (3) DOH hospitals/public hospitals in Zamboanga City alone. However, due to a low hospital bed to patient/person ratio and increasing population growth in the region, the Hospital project remains to be very much viable in terms of capacity and profitability.

ACE Medical Center-Zamboanga City, Inc. intends to compete with the foregoing hospitals by providing an organized, systematic, cost-effective, sympathetic, and holistic approach of providing the best quality and justifiable medical care and services to its clients and stakeholders.

During the first few years of hospital operations, the suggested rates for hospital services will be based on local prevailing market prices or standards, if not lower than other competing hospitals, while development and upgrading of services will continue to be undertaken. Moreover, the choice of medical professionals to subscribe shares of stock in ACE Medical Center Zamboanga City, Inc. is mostly influenced by the Hospital's advantageous location. Price and the level of facility management are the following considerations after the Doctor chooses where to practice.

The hospital's favorable location, convenient proximity to patients, reasonable offer price, and high-quality amenities allow ACE Medical Center-Zamboanga City, Inc. to successfully compete with its competitors in the area.



The majority of the shareholders of the Issuer are medical specialists with established practices in the area. Since each Doctor-shareholder has a solid patient base in their specialized fields, the hospital's unique setup is a great strategic asset. The list of medical professionals who have pledged their support for the hospital is also highly significant. The hospital will ensure that the medical team of the Issuer is clinically qualified and specialists by adhering to the standards of the Credentialing and Privileging Committee.

Without sacrificing the standard of healthcare services it provides to its patients, the Issuer will also offer both preventive and medical treatment services at a very competitive price, if not at a lower price than the competing hospital facilities. In addition to these, patients will enjoy a better atmosphere at ACE Medical Center-Zamboanga City, Inc. because of the hospital's properly thought-out design and construction. Its benefit isn't just its recently constructed structure; it also offers brand-new facilities and equipment, as well as the expertise of its medical specialists.

ACE Medical Center-Zamboanga will offer the following ambulatory services with latest technology:

- Radiology
- Laboratory
- Pharmacy
- Medical Arts (Clinics)
- Dialysis Center
- Eye Center
- Rehabilitation Unit
- Cardiology-Pulmonary Unit

SUPPLIERS AND MAJOR CONTRACTORS

The main contractor of the hospital is Metro Stonerich Corporation which is also based locally in Zamboanga City. Some major suppliers of the hospital are as follows:

1. Manalang and Sons Builders & Developers Inc. – Architectural Interior Design Consultancy
2. RFDG Construction and Development Corporation – Fire Protection, Plumbing and Sanitary Works
3. IS3 Industrial Solutions Corporation – Electrical Works
4. OXUS Medi-Equip Philippines Corporation – OR & DR Complex Works
5. Googol Construction Company, Inc. – Ducting, Chilled Water and FCU Drain Piping of OR Complex
6. Hitachi Elevator Philippines Corporation – Elevator Works
7. Philgen Environmental Services Corp. – Sewage Treatment Plant
8. GCK International Inc.
9. CJI Green Power Corp.

In the course of doing business, the company has the following major suppliers for medical equipment, medical supplies and medicines in 2024.

1. IDS
2. Fujifilm
3. Technomed
4. NPK
5. Euro-Med
6. Endure Medical Inc.
7. JAC Medical
8. Clearvue
9. Sannovex
10. Cathay Drug
11. Dynasty

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

The company has not entered any Memorandum of Agreements yet with other institutions in relation to granting of discounts to its stockholders as of 31 December 2024.

RELATED PARTY TRANSACTIONS

The Company has reviewed its transactions and relationships and confirms that there were no related party transactions during the 3rd quarter of 2025.

Related parties are defined as individuals or entities that have the ability to control or significantly influence the financial and operating decisions of the Company. These include key management personnel, shareholders, and entities under common control.

Management has conducted a thorough review of all transactions and relationships to ensure compliance with the requirements for related party disclosures. Based on the review and assessment, the Company confirms that there were no related party transactions during the reporting period, and therefore, no related party disclosures are required in these financial statements.

INVOLVEMENT IN LEGAL PROCEEDINGS

The Issuer is a party in the pending intra-corporate dispute with damages entitled “Al-Rajid J. Jamiri, vs. Aesha Yahcob Pingli, Lilia Go, Lieza G. Sahi, James Robertson C. Pichel, Allied Care Experts Medical Center- Zamboanga City, Inc. and Securities and Exchange Commission Zamboanga Extension Office, represented by Atty. Jesus Salvador Uro” pending before the Regional Trial Court of Zamboanga City., Branch 12 [Civil Case No. 7229].

The Complaint for Intra-Corporate Dispute with Damages, dated 20 February 2024, was filed before the Regional Trial Court of Zamboanga City on 21 February 2024. The Principal Parties are as follows: Plaintiff - Al-Rajid J. Jamiri Defendants - Aesha Yahcob Pingli, Lilia Go, Lieza G. Sahi, (incumbent Treasurer) James Robertson C. Pichel (incumbent President) , Allied Care Experts Medical Center- Zamboanga City, Inc. and Securities and Exchange Commission Zamboanga Extension Office, represented by Atty. Jesus Salvador Uro.

The Plaintiff is praying for the 1] issuance of stock certificates of the Corporation in his favor in the amount of Php 12,000,000.00, 2] inspection of the corporate books, records, and minutes of the meetings of the Issuer, and 3] payment of loss of potential income, attorney’s fees, and litigation Expenses.

The Plaintiff’s avers that he paid the amount of Php 12,000,000.00 corresponding to Php 12,000,000.00 worth of shares of the stock of the Issuer despite only paying Php 1,550,000.00 appearing in the corporate records of the Issuer. The Plaintiff states that he was denied access to corporate books and records when the truth of the matter is that the Issuer never denied access to corporate books and records provided it shall be made during office hours. The Issuer filed its Answer with Counterclaims, dated 1 March 2024, on 4 March 2024 and has sought the dismissal of the aforesaid Complaint and was dismissed by the RTC last July 19, 2024. After the dismissal the Plaintiff forwarded the matter to the Court of Appeals.

On February 10, 2025, a copy of the Court of Appeals’ Resolution dated December 13, 2024, which Addressed several matters related to the ongoing petition for review under Rule 43 including the Court granting the petitioner’s motion for an extension to file the petition for review and noting the petition for review filed on August 22, 2024, subject to the submission of proof of electronic filing The petitioner was also instructed to correct deficiencies in the petition by providing the complete, current, and actual addresses of the respondents, and attaching the affidavit of service.

The Court also acknowledged the Comment with Entry of Appearance filed on September 13, 2024, by Atty. Rena Joy C. Castigador of CTL Law Office, as counsel for the private respondents, including Allied Care Experts Medical Center–Zamboanga City, Inc. , noted the petitioner’s Reply to the Comment, which was filed on November 4, 2024 and directed the Securities and Exchange Commission (SEC) Zamboanga Extension Office to file a Comment on the petition

On February 11, 2025, a Compliance was filed, formally informing the Court of Appeals, Twenty-Second Division, that the company has received the Resolution dated December 13, 2024, on February 10, 2025, in accordance with the Court’s directive.

Subsequently, on March 11, 2025, a copy of a Manifestation filed by the SEC Zamboanga City Office was received, through the Office of the Solicitor General. In the Manifestation, the SEC stated that it would not be filing a Comment on the petition, maintaining its position that its involvement in Civil Case No. 7229, and consequently in the present petition, is neither necessary nor indispensable for the full resolution of the petitioner’s claims.

On August 2025 , the Company received a copy of the Court of Appeals Resolution dated 07 July 2025 was received noting the Petitioner’s Compliance filed on 12 February 2025; and the Manifestation of Respondent Securities and Exchange Commission Zamboanga Extension Office filed on 21 February 2025, stating that they do not intend to file a comment to the petition; directing the parties to simultaneously file their respective memoranda in amplification of their positions in the case OR a manifestation that they will no longer file a memorandum, within fifteen (15) days from notice. After the lapse of the given period, the case may be deemed submitted for decision with or without said memoranda.

On September 4, 2025 , the petitioner filed his compliance and on September 12, 2025, a Memorandum for private respondents was filed.

On September 17 , the petitioner filed his petitioner’s memorandum.

To date, the petitioner has complied with the electronic filing requirements and other directives issued by the Court of Appeals. The last pleading received was the SEC’s Manifestation, which was sent via registered mail.

B. SECURITIES OF THE REGISTRANT

Market Price

ACE Medical Center-Zamboanga City, Inc. advertises and offers its stocks through its employees who will act as in-house salesmen. These authorized in-house salesmen are knowledgeable with the hospital’s goal, mission, vision and operations. The hospital's management believes that its advantageous location, its facilities and services, as well as the management who will run it, will be enough to pique the interest of potential investors and medical professionals. Efficiency of salesmen and good feedback from contented patients will be crucial to ACE Medical Center-Zamboanga City, Inc. to disseminate the facilities and services the hospital provides.

Allied Care Experts (ACE) Medical Center-Zamboanga City, Inc. (doing business under the name and style of Premier Medical Center Zamboanga) is offering 3,600 blocks of common shares in tranches, through a series of offerings at an offer price in progressive amounts.

| Series of Common Shares | Number of Blocks | Selling Price per Block |
|-------------------------|------------------|-------------------------|
| 1 st | 1,200 | P 150,000 per block |
| 2 nd | 1,400 | P 300,000 per block |
| 3 rd | 1,000 | P 400,000 per block |

The amount of Equity that has been proposed to the publicly offered by the Registrant is 1B.

The staggered Offer Price per series of shares for sale to the public was arrived at by considering several factors including but not limited to: the timing of purchase relative to the completion of the Hospital and its facilities, the number of applicants the Hospital could serve and accommodate, the total development costs based on cost assessments of the engineers, architects and other professionals hired for the project, comparable price of similarly situated structure with similar facilities, market demand, risk undertaken by the original stockholders, the exclusive and premium nature of the Hospital and its intended patients and the acceptability of the pricing strategy to the current market.

The shares are sold at a fixed price per tranche and the last block of shares were sold at PhP 300,000.00 per block.

HOLDERS

There are approximately fifty three (53) holders of Founder Shares and approximately one thousand four hundred forty-four (1,495) holders of common shares of the company as of 31 October 2025.

Dr. James Robertson Pichel, Dr. Giovanni Paolo Gimena, Dr. Ferjenel Biron, are the beneficial owners of more than 5% of any class of registrant's voting securities as of 31 October 2025.

| Title of Class | Names / Address of Record Owner | Name of Beneficial Owner / Relationship with Record Owner | Citizenship | Number of Shares Held | Percent |
|----------------|--|--|-------------|-----------------------|---------|
| FOUNDER | PICHEL, JAMES ROBERTSON C. 133 CANELAR STREET, ZAMBOANGA CITY | PICHEL, JAMES ROBERTSON C. / Record owner is also Beneficial Owner | FILIPINO | 10 | 7.33% |
| COMMON | | | | 23,990 | |
| FOUNDER | GIMENA, GIOVANNI PAOLO C. 132-1 ST. IGNATIUS SUBDIVISION, CABATO ROAD, TETUAN, ZAMBOANGA CITY | GIMENA, GIOVANNI PAOLO C. / Record owner is also Beneficial Owner | FILIPINO | 20 | 6.87% |
| COMMON | | | | 22,480 | |
| FOUNDER | BIRON, FERJENEL G. | BIRON, FERJENEL G. / Record owner is | FILIPINO | 30 | 5.49% |

| | | | | | |
|--------|---|-----------------------|--|--------|--|
| COMMON | DOLLAR CORNER PESO ST., BANKERS' VILLAGE, JARO, ILOILO CITY | also Beneficial Owner | | 17,970 | |
|--------|---|-----------------------|--|--------|--|

The top 20 Stockholders of the Company as of 31 October 2025 are as follows:

| Title of Class | Names / Address of Record Owner | Name of Beneficial Owner / Relationship with Record Owner | Citizenship | Number of Shares Held | Percent |
|-------------------|---|--|-------------|-----------------------|---------|
| FOUNDER | PICHEL, JAMES ROBERTSON C. 133 CANELAR STREET, ZAMBOANGA CITY | PICHEL, JAMES ROBERTSON C. / Record owner is also Beneficial Owner | FILIPINO | 10 | 7.33% |
| COMMON | | | | 23,990 | |
| FOUNDER | GIMENA, GIOVANNI PAOLO C. 132-1 ST. IGNATIUS SUBDIVISION, CABATO ROAD, TETUAN, ZAMBOANGA CITY | GIMENA, GIOVANNI PAOLO C. / Record owner is also Beneficial Owner | FILIPINO | 20 | 6.87% |
| COMMON | | | | 22,480 | |
| FOUNDER | BIRON, FERJENEL G. DOLLAR CORNER PESO ST., BANKERS' VILLAGE, JARO, ILOILO CITY | BIRON, FERJENEL G. / Record owner is also Beneficial Owner | FILIPINO | 30 | 5.49% |
| COMMON | | | | 17,970 | |
| FOUNDER COMMON | YACOB-PINGLI, AEESHA M. ZONE 4, TALABAAAN, ZAMBOANGA CITY | YACOB-PINGLI, AEESHA M. / Record owner is also Beneficial Owner | FILIPINO | 10 | 4.58% |
| | | | | 14,990 | |
| FOUNDER COMMON | BANTALA, KRISTINE H. 1ST ROAD LOPEZ SUBDIVISION UPPER CALARIAN, ZAMBOANGA CITY | BANTALA, KRISTINE H. / Record owner is also Beneficial Owner | FILIPINO | 10 | 3.05% |
| | | | | 9,990 | |
| FOUNDER COMMON | YAP, DANNY JR. F CADENA DE AMOR, GUIWAN, ZAMBOANGA CITY | YAP, DANNY JR. F. / Record owner is also Beneficial Owner | FILIPINO | 20 | 2.75% |
| | | | | 8,980 | |
| FOUNDER COMMON | URAO, ZAIDA K. BLOCK 7, LOT 3, TOWNSVILLE SUBDIVISION, SAN ROQUE, ZAMBOANGA CITY | URAO, ZAIDA K. / Record owner is also Beneficial Owner | FILIPINO | 20 | 2.75% |
| | | | | 8,980 | |
| FOUNDER COMMON | GO, JANE T. 20 TOMAS CLAUDIO EXTENSION, ZAMBOANGA CITY | GO, JANE T. / Record owner is also Beneficial Owner | FILIPINO | 20 | 2.75% |
| | | | | 8,980 | |

| | | | | | |
|-------------------|---|--|----------|-----------------|-------|
| FOUNDER COMMON | GO, DAISY T. 20 TOMAS CLAUDIO EXTENSION, ZAMBOANGA CITY | GO, DAISY T. / Record owner is also Beneficial Owner | FILIPINO | 20 8,980 | 2.75% |
| FOUNDER COMMON | GO, LILIA L. 188 GOV. RAMOS AVENUE, ZAMBOANGA CITY | GO, LILIA L. / Record owner is also Beneficial Owner | FILIPINO | 10 8,990 | 2.75% |

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|-------------------|--|---|----------|-----------------|-------|
| FOUNDER COMMON | BAZAN, JAYBEE D. #6 PUTIK MCLL HIGHWAY ZAMBOANGA CITY | BAZAN, JAYBEE D. / Record owner is also Beneficial Owner | FILIPINO | 20 8,980 | 2.75% |
| FOUNDER COMMON | Heir of ANG, ALEX CHINGMAN | Heir of ANG, ALEX CHINGMAN / Record owner is also Beneficial Owner | FILIPINO | 10 6,490 | 1.98% |
| FOUNDER COMMON | ENRIQUEZ, AMADO JR. 73 WEST AVE. QUEZON CITY | ENRIQUEZ, AMADO JR. / Record owner is also Beneficial Owner | FILIPINO | 10 5,990 | 1.83% |
| FOUNDER COMMON | BELLEZA, LINDA ANN D. 28-C ALEJO ALVAREZ ZAMBOANGA CITY | BELLEZA, LINDA ANN D. / Record owner is also Beneficial Owner | FILIPINO | 10 5,990 | 1.83% |
| FOUNDER COMMON | ONG, EDUARDO A. FARMER'S DRIVE, GOV. RAMOS AVE., STA. MARIA, ZAMBOANGA CITY | ONG, EDUARDO A. / Record owner is also Beneficial Owner | FILIPINO | 10 5,990 | 1.83% |
| FOUNDER COMMON | SAHI, LIEZA G. DIONIO COMPOUND, VETERANS EXT., ZAMBOANGA CITY | SAHI, LIEZA G. / Record owner is also Beneficial Owner | FILIPINO | 10 5,990 | 1.83% |
| FOUNDER COMMON | TAMIN, JONATHAN JOHN F. 155-A SAN JOSE STREET, ZAMBOANGA CITY | TAMIN, JONATHAN JOHN F. / Record owner is also Beneficial Owner | FILIPINO | 10 5,990 | 1.83% |
| FOUNDER COMMON | TAN, KIM C. 222 GOVERNOR ALVAREZ STREET, ZAMBOANGA CITY | TAN, KIM C. / Record owner is also Beneficial Owner | FILIPINO | 10 5,990 | 1.83% |
| FOUNDER COMMON | BADDIRI, ABUBAKAR T. BALIWASAN SEASIDE SUBD. ZAMBOANGA CITY | BADDIRI, ABUBAKAR T. / Record owner is also Beneficial Owner | FILIPINO | 10 5,990 | 1.83% |

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|-----------------------|---|---|----------|-----------------|-------|
| FOUNDER COMMON | LEE, PATRICK G. CAMANCHILE STREET, BALINGBING DRIVE, BRGY ZONE 3. ZAMBOANGA CITY | LEE, PATRICK G. Record owner is also Beneficial Owner | FILIPINO | 10 4,990 | 1.37% |
|-----------------------|---|---|----------|-----------------|-------|

Dividends declared by the Company on its shares of stocks are payable in cash or in additional shares of stocks. The payment of dividends in the future will depend upon the earnings, cash flow, and financial condition of the Company and other factors.

There are no cash dividends or description of any restrictions that limit the payment of dividends. However, there were no dividends issued for the past two years because the company has no unrestricted retained earnings having commenced operations only last July 01, 2024.

RECENT SALE OF UNREGISTERED OR EXEMPT SECURITIES

The Company has no recent sale of unregistered or exempt securities. Neither was there any recent issuance of securities constituting an exempt transaction.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) or PLAN OF OPERATION AS OF 30 JUNE 2025

PLAN OF OPERATION

The operation of the hospital facility commenced last 01 July 2024. The financial priorities of the corporation for the next twelve (12) months would include the finishing touches of the remaining patient wards, procurement of medical equipment including consumables required, continuous orders of pharmacy stocks, administrative fees, trainings required for Board of Directors, its Management, and proficient staff of the hospital, and other required monthly dues to keep the hospital operations going.

Revenue from operations is insufficient to meet the day-to-day expenses. The hospital just started operations on 01 July 2024, which means the hospital is only five (5) months old. The current financial position depends on the income to be generated by the hospital from its operations and the additional loan facility that it can secure. Due to the rising costs associated with running the operations, the Company must maximize all means to market its services to the public.

As of 31 October 2025, the company has three hundred eighty (380) employees and the Company's plan to hire additional employees would depend on whether the patient census will increase, following as well the required medical staff of the Department of Health per hospital level/category.

Premier Medical Center Zamboanga has the following services per floor:

Ground Floor (2,838 square meters)

Emergency Department
Animal Bite Center
Minor Operating Room
Hospital Lobby/Lounge/Reception
Radiology Department with MRI, CT-Scan, and Mammography
Pharmacy
Laboratory
Billing Section and Cashier
Admitting Office
Central Supply
Security

Second Floor (2,067 sq.m.)

Operating/Delivery Room Complex
Intensive Care Unit (ICU)

Endoscopy Unit
Neonatal Intensive Care Unit (NICU)
Catheterization Laboratory Complex

Third Floor (2,055 sq.m.)

Hemodialysis
Cardiology/Pulmonology Unit
Medical Arts for Internal Medicine with Sub-specialty (Clinics)

Fourth Floor (2,055 sq.m.)

Rehab Therapy Center and Gym
Medical Arts for Pediatrics, OB-Gyne, General Surgery and Sub-specialty, General Medicine and Family Medicine

Fifth Floor (2,055 sq.m.)

Patient Rooms
Male and Female Surgical Ward
Nurse Station

Sixth Floor (2,055 sq.m.)

Patient Rooms
Wards (Female, Stroke, Cancer Ward)
Nurse Station

Seventh Floor (2,055 sq.m.)

Patient Rooms
Wards (Male, Female, Special Ward)
Nurse Station

Eight Floor (2,055 sq.m.)

Patient Rooms
Wards (Pediatrics and Special Ward)
Nurse Station

Ninth Floor (2,037 sq.m.)

Executive Offices (Chairman, President, COO, Medical Director's Office) and Board Room
Administrative Offices
Residency Training Program (Residents Doctors' Dorm, Library, and Training Room)
Chapel and Muslim Prayer Room

Tenth Floor (2,037 sq.m.)

Lounge
Eye Center (Rooms: Diagnosis, Laser, Operating, Recovery, Data Rooms and Front Desk)
Dental Clinic
Patient Suite Rooms
Nurse Station

The Physician Shareholders and other affiliated visiting physicians approved by the Credentialing Committee were called to gather last June 26, 2024, a few days before the official soft-opening of the hospital for an orientation of the Medical Affairs Policies and Procedures and forms on Clinic occupancy.

On 02 August 2024, a re-orientation was conducted for the new affiliated physicians/clinicians, along with the other physician shareholders that were not able to attend the first Medical Affairs orientation.

RESULT OF OPERATIONS

| | June 30, 2025 | December 31, 2024 | December 31, 2023 | December 31, 2022 |
|--|---------------|-------------------|-------------------|-------------------|
| Revenue | 105,746,469 | 57,872,252 | - | - |
| Direct Cost | (84,560,461) | (63,767,854) | - | - |
| Gross Profit/ (Loss) | 21,186,007 | (5,895,602) | - | - |
| Other Income | 572,182 | 286,737 | 91,572 | 53,393 |
| Gross Income/ (Loss) | | (5,608,865) | 91,572 | 53,393 |
| General and Admin Expenses | (19,651,744) | (39,728,645) | (29,373,061) | (23,605,147) |
| Loss from Operations | 2,109,446 | (45,337,510) | (29,281,489) | (23,551,754) |
| Finance Cost | (12,091,123) | (24,790,091) | (16,969,567) | (12,083,284) |
| Net Loss Before Income Tax | (9,981,677) | (70,127,601) | (46,251,056) | (35,635,038) |
| Income Tax Expenses | | 17,534,769 | 11,564,016 | (534) |
| Net Loss | (9,981,677) | (52,592,832) | (34,687,040) | (35,635,572) |
| Other Comprehens ive Income/ (Loss) | | | | |
| Total Comprehens ive Loss | (9,981,677) | (52,592,832) | (34,687,040) | (35,635,572) |

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Financial Condition for Comparative periods June 30, 2025 and 2024

STATEMENT OF FINANCIAL PERFORMANCE

As of June 30,

(In Philippine Peso)

| | 6/30/2025 | 12/31/2024 | 12/31/2023 | 12/31/2022 |
|--------------------------------------|--------------------|---------------------|---------------------|---------------------|
| Revenues | 105,746,469 | 57,872,252 | - | - |
| Cost of Revenues | (84,560,461) | (63,767,854) | - | - |
| Gross Profit (Loss) | 21,186,007 | (5,895,602) | - | - |
| Other Income | 575,182 | 286,737 | 91,572 | 53,393 |
| Operating Expenses | (19,651,744) | (39,728,645) | (29,373,061) | (23,605,147) |
| Operating Loss | 2,109,446 | (45,337,510) | (29,281,489) | (23,551,754) |
| Finance Cost | (12,091,123) | (24,790,091) | (16,969,567) | (12,083,284) |
| Loss before Provision for Income Tax | (9,981,677) | (70,127,601) | (46,251,056) | (35,635,038) |
| Provision for Income Tax | | 17,534,769.00 | 11,564,016 | (534) |
| NET LOSS | (9,981,677) | (52,592,832) | (34,687,040) | (35,635,572) |
| LOSS PER SHARE | (31.51) | (166.00) | (223.79) | (229.91) |

| | |
|---|--|
| Revenues, Cost of revenues and Gross Profit | <p>Revenues showed a strong upward trajectory following the hospital's transition from its pre-operational phase. No revenues were recorded in 2022 and 2023 as operations had not yet commenced. The hospital began generating income in 2024 with ₱57.87 million, marking the start of its medical and diagnostic services. By June 30, 2025, revenues nearly doubled to ₱105.75 million, driven by the hospital's growing patient base and the expansion of key service lines such as pharmacy, laboratory, radiology, and dialysis.</p> <p>Cost of revenues followed the same trend, with no costs in 2022 and 2023. Costs increased to ₱63.77 million in 2024 and reached ₱84.56 million by mid-2025, reflecting higher utilization of consumables, drugs, and medical supplies as patient volumes grew.</p> <p>As a result, gross profit improved significantly, shifting from a ₱5.90 million gross loss in 2024 to a ₱21.19 million gross profit in 2025, demonstrating improved operational efficiency, better resource utilization, and enhanced service capacity.</p> |
| Other Income | <p>Other income remained a modest yet consistent contributor throughout the period. It increased from ₱53,393 in 2022 to ₱91,572 in 2023, then rose to ₱286,737 in 2024. For the six months ended June 30, 2025, ₱575,182 was recorded, mainly coming from ancillary activities such as clinic rentals, bank interest income, and patient transport services. This reflects steady supplementary income generation as hospital operations mature.</p> |
| Operating Expenses | <p>Operating expenses rose steadily from ₱23.61 million in 2022 to ₱39.73 million in 2024, largely due to increased administrative costs, staffing, and utilities associated with expanding hospital operations. In 2025, however, expenses decreased to ₱19.65 million for the first half of the year, reflecting stronger expense control and operational efficiency measures. The reduction indicates effective cost management in utilities, salaries, and administrative functions, even as service capacity continued to grow.</p> |

| | |
|-------------------|--|
| Finance Costs | Finance costs continued to represent interest on bank loans used to finance hospital construction, medical equipment, and other capital expenditures. These costs rose from ₱12.08 million in 2022 to ₱24.79 million in 2024. For the six months ended June 30, 2025, finance costs decreased to ₱12.09 million, reflecting partial loan repayments and reduced interest expenses as certain borrowings were settled or restructured. This decline also suggests improved capital management and cash flow utilization. |
| Net Income (Loss) | <p>The company's net loss improved significantly over the period. After recording net losses of ₱35.64 million in 2022, ₱34.69 million in 2023, and ₱52.59 million in 2024, the hospital's loss narrowed to ₱9.98 million as of June 30, 2025. This represents a substantial improvement of approximately ₱42.6 million compared to 2024. The turnaround is mainly attributed to higher revenues, stronger gross margins, and reduced operating and financing costs.</p> <p>While the hospital continues to post a net loss, the marked improvement in financial performance indicates that remier Medical Center Zamboanga is on a solid path toward achieving operational stability and long-term profitability as it continues to mature and optimize its services.</p> |

Changes in Financial Condition for Comparative periods December 31, 2024 and 2023

STATEMENT OF FINANCIAL PERFORMANCE

(In Philippine Peso)

| | Horizontal Analysis | | | | Vertical Analysis | |
|--------------------------------------|---------------------|---------------------|---------------------|-------------|-------------------|------------|
| | 12/31/2024 | 12/31/2023 | Inc./Dec. | % | 12/31/2024 | 12/31/2023 |
| Revenues | 57,872,252 | - | 57,872,252 | 100% | 100% | n/a |
| Cost of Revenues | (63,767,854) | - | (63,767,854) | 100% | -110% | n/a |
| Gross Profit (Loss) | (5,895,602) | - | (5,895,602) | 100% | -10% | n/a |
| Other Income | 286,737 | 91,572 | 195,165 | 213% | 0% | n/a |
| Operating Expenses | (39,728,645) | (29,373,061) | (10,355,584) | 35% | -69% | n/a |
| Operating Loss | (45,337,510) | (29,281,489) | (16,056,021) | 55% | -78% | n/a |
| Finance Cost | (24,790,091) | (16,969,567) | (7,820,524) | 46% | -43% | n/a |
| Loss before Provision for Income Tax | (70,127,601) | (46,251,056) | (23,876,545) | 101% | -121% | n/a |
| Provision for Income Tax | 17,534,769 | 11,564,016 | 5,970,753 | 52% | 30% | n/a |
| NET LOSS | (52,592,832) | (34,687,040) | (17,905,792) | 153% | -91% | n/a |

| | |
|---|--|
| Revenues, Cost of revenues and Gross Profit | As of December 31, 2024, the company reported revenues totaling ₱57.87 million, derived from inpatient admissions, pharmacy, laboratory, radiology, emergency room, outpatient services, and hemodialysis. The cost of revenues amounted to ₱63.77 million, resulting in a gross loss of ₱5.90 million. These costs represent direct expenses related to hospital services such as medical supplies and drugs. |
| Other Income | Other income, totaling ₱286,737, primarily comes from patient transportation services, rental income from doctors' clinics, and interest income from bank deposits. |
| Operating Expenses | Operating expenses for the year ended December 31, 2024, amounted to ₱39.73 million, reflecting a 35% increase compared to ₱29.37 million in the previous year. The increase is mainly due to higher salaries and allowances, utilities, and depreciation expenses. |

| | |
|-------------------|--|
| Finance Costs | Finance costs for the year ended December 31, 2024, amounted to ₱24.79 million, representing a 46% increase from ₱16.97 million in 2023. These costs primarily relate to interest expenses on bank loans taken to finance the construction of hospital facilities and the acquisition of advanced medical equipment. The increase reflects greater loan utilization to support capital-intensive projects essential for expanding patient care capacity and upgrading diagnostic and therapeutic capabilities. Borrowing costs directly attributable to the construction of qualifying assets have been capitalized, while other finance costs are expensed. Despite the rise in finance costs, these investments are expected to generate long-term operational and financial benefits. |
| Net Income (Loss) | The company recorded a net loss of ₱52.59 million for the year ended December 31, 2024, compared to a net loss of ₱34.69 million for the previous year. This increase of ₱17.91 million, or 153%, was primarily driven by higher operating expenses and finance costs associated with ongoing investments in hospital facilities and equipment. Despite the wider loss, these expenditures align with the company's strategic initiatives aimed at long-term growth and enhanced service capacity. |

Changes in Financial Condition for Comparative periods December 31, 2023 and 2022

STATEMENT OF FINANCIAL PERFORMANCE

(In Philippine Peso)

| | Horizontal Analysis | | | | Vertical Analysis | |
|--------------------------------------|---------------------|---------------------|----------------|------------------|-------------------|------------|
| | 12/31/2023 | 12/31/2022 | Inc./Dec. | % | 12/31/2023 | 12/31/2022 |
| Revenues | - | - | | | n/a | n/a |
| Cost of Revenues | - | - | | | n/a | n/a |
| Gross Profit (Loss) | - | - | | | n/a | n/a |
| Other Income | 91,572 | 53,393 | 38,179 | 72% | n/a | n/a |
| Operating Expenses | (29,373,061) | (23,605,147) | (5,767,914) | 24% | n/a | n/a |
| Operating Loss | (29,281,489) | (23,551,754) | (5,729,735) | 24% | n/a | n/a |
| Finance Cost | (16,969,567) | (12,083,284) | (4,886,283) | 40% | n/a | n/a |
| Loss before Provision for Income Tax | (46,251,056) | (35,635,038) | (10,616,018) | 65% | n/a | n/a |
| Provision for Income Tax | 11,564,016 | (534) | 11,564,550 | -2165646% | n/a | n/a |
| NET LOSS | (34,687,040) | (35,635,572) | 948,532 | -2165581% | n/a | n/a |

| | |
|---|--|
| Revenues, Cost of revenues and Gross Profit | The Hospital did not earn any revenues for the years ended December 31, 2023 and 2022 due to non-operation. |
| Other Income | Other income is mostly derived from income from patient transportation service, and income from bank deposits. |
| Operating Expenses | For the year ended December 31, 2023, Operating expenses amounted to P 29.37M which was higher by 24% (P4.87M). This can be mainly an increase of Salaries and Allowances, Utilities and Depreciation. |
| Finance Costs | Finance costs for the year ended December 31, 2023, amounted to 16.97M, representing a 40% increase from 12.08M as of December 31, 2022. These costs primarily relate to interest expenses on bank loans obtained for the construction of hospital facilities and the acquisition of advanced medical equipment. The increase is attributable to higher loan utilization to fund these capital-intensive projects, |

| | |
|-------------------|--|
| | <p>which are essential to expanding patient care capacity and upgrading diagnostic and therapeutic capabilities. Borrowing costs directly attributable to the construction of qualifying assets have been capitalized, while other finance costs are recorded as expenses in the statement of profit or loss.</p> |
| Net Income (Loss) | <p>For the year ended December 31, 2022, the company recorded a net loss of 35,635,572, an increase of 20,399,355, or 266%, compared to a net loss of 15,236,217 in 2021. This significant deterioration in performance was primarily driven by a substantial rise in operating expenses, which increased by 13,627,836 (137%) due to higher costs associated with strategic investments. Additionally, finance costs rose by 6,824,378 (130%), reflecting increased borrowing to support expansion activities. Despite the introduction of another income of 53,393, it was insufficient to offset the rising expenses. The company remains committed to managing its cost structure and leveraging its strategic investments to achieve sustainable financial performance in the future.</p> |

Changes in Financial Condition for Comparative periods June 30, 2025 and 2024

STATEMENT OF FINANCIAL POSITION (In Philippine Peso)

| | 6/30/2025 | 12/30/2024 | 12/31/2023 | 12/31/2022 |
|---|----------------------|----------------------|----------------------|----------------------|
| ASSETS | | | | |
| <i>Current Assets</i> | | | | |
| Cash | 19,730,437 | 28,375,724 | 957,640 | 51,004,080 |
| Trade and Other Receivables | 45,693,233 | 28,620,605 | | |
| Inventory | 13,504,893 | 10,912,960 | | |
| Other Current Assets | 101,348,787 | 99,431,315 | 83,021,923 | 80,125,502 |
| Total Current Assets | 180,277,350 | 167,340,604 | 83,979,563 | 131,129,582 |
| <i>Noncurrent Assets</i> | | | | |
| Property and Equipment, net | 165,725,128 | 150,455,655 | 136,618,257 | 143,406,192 |
| Construction in Progress | 868,985,074 | 847,720,968 | 781,630,486 | 740,847,452 |
| Intangible Asset, net | 1,972,601 | 2,222,099 | 136,787 | 155,224 |
| Other Noncurrent Asset | 4,609,112 | 4,609,112 | 4,609,112 | 4,609,112 |
| Deferred MCIT | 1,298 | 1,298 | 1,298 | - |
| Deferred Tax Asset | 29,098,785 | 29,098,785 | 11,564,016 | - |
| Total Noncurrent Assets | 1,070,391,997 | 1,034,107,917 | 934,559,956 | 889,017,980 |
| TOTAL ASSETS | 1,250,669,348 | 1,201,448,521 | 1,018,539,519 | 1,020,147,562 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| <i>Current Liabilities</i> | | | | |
| Trade and Other Payables | 68,633,149 | 55,855,644 | 76,127,419 | 66,483,780 |
| Loans Payable | 750,000 | 750,000 | 31,900,331 | 65,116,355 |
| Income Tax Payable | - | - | 1,298 | 534 |
| Total Current Liabilities | 69,383,149 | 56,605,644 | 108,029,048 | 131,600,669 |
| <i>Noncurrent Liabilities</i> | | | | |
| Loans Payable | 876,012,500 | 876,387,500 | 690,742,263 | 672,183,645 |
| Deposit for Future Stock Subscription | - | - | 35,550,000 | - |
| Total Noncurrent Liabilities | 876,012,500 | 876,387,500 | 726,292,263 | 672,183,645 |
| Total Liabilities | 945,395,649 | 932,993,144 | 834,321,311 | 803,784,314 |
| <i>Shareholders' Equity</i> | | | | |
| Share Capital | 309,630,000 | 309,630,000 | 288,000,000 | 285,458,000 |
| <i>Authorized 359,400 common shares at Php 1,000 par value; 600 founder shares at Php 1,000 par value</i> | | | | |
| <i>Issued and outstanding 318,420 common shares at par; including 600 founder shares at par</i> | | | | |
| Additional Paid-in Capital | 162,000,000 | 115,200,000 | | |
| Deficit | (166,356,301) | (156,374,624) | (103,781,792) | (69,094,752) |
| Total Shareholders' Equity | 305,273,699 | 268,455,377 | 184,218,208 | 216,363,248 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,250,669,348 | 1,201,448,521 | 1,018,539,519 | 1,020,147,562 |

| <u>ASSET</u> | |
|------------------------------------|--|
| Cash and Cash Equivalents | As of June 30, 2025, the Company's cash balance stood at ₱19,730,437, reflecting a decrease of ₱8,645,287 or 30.47% from the ₱28,375,724 reported on December 31, 2024. This slight decline may indicate increased cash utilization during the quarter, possibly for operational needs, planned capital expenditures, or the repayment of short-term obligations. In terms of vertical analysis, cash comprised 1.58% of total assets as of June 30, 2025, slightly down from 2.36% at year-end 2024. While this percentage decrease is modest, it still reflects a healthy liquidity position relative to the Company's overall asset base. The 30.47% decline in cash also suggests a moderate shift in liquidity, likely resulting from normal fluctuations in operating cash flow or timing differences between receipts and disbursements. |
| Trade and Other Receivables | As of June 30, 2025, the Company reported total Trade and Other Receivables of ₱45.69 million, reflecting an increase of ₱17.07 million or 59.65% from the ₱28.62 million reported as of December 31, 2024. Due to uncollected revenue from Philhealth, receivables from patients and Receivables from DOH. This increase may indicate higher credit sales or a slowdown in collections over the year. From a vertical analysis perspective, Trade and Other Receivables accounted for 3.65% of total assets in 2025, slightly up from 2.38% in 2024. The rise suggests that a marginally greater portion of the Company's assets is tied to receivables, potentially reflecting a more credit-driven sales strategy or longer collection cycles. While this trend may be aligned with business growth, it underscores the need to closely manage receivable turnover to maintain a healthy liquidity position and efficient working capital management. |
| Inventory | As of June 30, 2025, the Company reported an inventory balance of ₱13.50 million, slightly up from ₱10.91 million as of December 31, 2024, reflecting an increase of ₱2.59 million or 23.75% based on horizontal analysis. This amount represents the value of medical supplies, pharmaceuticals, and other consumables that are either in stock or ready for use to support hospital operations. The modest decline suggests ongoing efforts to optimize inventory levels while avoiding excess stock that could lead to wastage or expiration. From a vertical perspective, inventories accounted for 1.08% of total assets as of June 30, 2025, compared to 0.91% at year-end 2024. The slight reduction indicates continued efficiency in supply chain management without compromising the hospital's capacity to ensure uninterrupted patient care. |
| Other current assets | As of June 30, 2025, Other Current Assets amounted to ₱101.34 million, primarily consisting of Input VAT Carry-Over and Advances to Suppliers. This reflects a slight increase of ₱1.92 million or 1.93% compared to the ₱99.43 million reported as of December 31, 2024, based on horizontal analysis. The decline may indicate the application of input tax credits or the fulfillment of supplier advances during the quarter. In terms of vertical analysis, Other Current Assets represented 8.10% of total assets as of June 30, 2025, compared to 8.28% at the end of 2024. This slight reduction suggests improved utilization or conversion of short-term assets into operational use, contributing to more efficient working capital management. |
| Property and Equipment | As of March 31, 2025, the net value of Property and Equipment increased by ₱15.45 million or 10.15% from its balance of ₱150.45 million as of December 31, 2024, reaching ₱165.72 million. This growth is primarily attributed to the acquisition of hospital and medical equipment in support of the Company's ongoing operational expansion. Based on vertical analysis, Property and Equipment accounted for 13.25% of total assets as of June 30, 2025, up from 12.52% at year-end 2024. The increase reflects continued investment in long-term assets to enhance the hospital's capacity and service delivery, aligning with its strategic goals for growth and improved patient |

| | |
|-------------------------------------|--|
| | care. |
| Construction in Progress | Construction in Progress pertains to the ongoing development of the hospital building. As of June 30, 2025, the project is approximately _ complete. The account increased by ₱21.26 million or 2.51% from the ₱847.72 million reported as of December 31, 2024, bringing the balance to ₱868.98 million. This growth reflects the Company's continued investment in expanding its facilities and infrastructure. From a vertical analysis standpoint, Construction in Progress represented 69.48% of total assets as of June 30, 2025, compared to 70.56% at year-end 2024. The slight decline in proportion, despite the absolute increase, indicates that other asset categories are also growing, suggesting a more balanced asset structure as construction progresses toward completion. |
| Intangible Assets | As of June 30, 2025, Intangible Assets, net of amortization, amounted to ₱1.97 million, reflecting a decrease of ₱249,498 or 11.23% from the ₱2.22 million reported as of December 31, 2024. The decline is attributed to the periodic amortization of intangible assets, such as software licenses or hospital system applications. In terms of vertical analysis, Intangible Assets accounted for 0.16% of total assets as of June 30, 2025, slightly down from 0.18% in the previous quarter. While the overall impact on the asset base is minimal, the decline reflects the normal consumption of economic benefits from intangible resources over time. |
| Other Noncurrent Assets | This account includes energy deposits that were paid during the installation of hospital electricity. |
| Deferred MCIT and Tax Assets | As of June 30, 2025, Deferred Minimum Corporate Income Tax (MCIT) remained unchanged at ₱0, indicating no additional minimum corporate income tax credits were recognized during the quarter. Similarly, the Deferred Tax Asset held steady at ₱29.09 million, showing no movement from the December 31, 2024 balance. The absence of change suggests stable expectations regarding the Company's ability to realize future tax benefits. From a vertical analysis perspective, the Deferred Tax Asset represented 2.33% of total assets as of June 30, 2025, and 2.42% from the previous quarter. The steady balances in both accounts reflect consistent tax positions and no significant shifts in timing or recognition of deductible temporary differences during the period. |

LIABILITIES

| | |
|--|--|
| Trade and Other Payables | As of June 30, 2025, Trade and Other Payables amounted to ₱68.63 million, reflecting an increase of ₱12,777,505 or 22.78% from the ₱55.86 million reported as of December 31, 2024. This account consists of payables to suppliers, accrued expenses, and statutory obligations such as SSS, PhilHealth, and HDMF contributions. From a vertical analysis standpoint, Trade and Other Payables represented 5.49% of total assets as of June 30, 2025, slightly up from 4.65% in the previous quarter. |
| Loans Payable | As of June 30, 2025, the Hospital maintained several term loan agreements, including two loans previously obtained from the Development Bank of the Philippines (DBP) in 2018 and 2021. During 2024, the Hospital entered into six (6) new term loan agreements with the Bank of the Philippine Islands (BPI). The BPI loans were utilized to fully settle the outstanding balances with DBP and to partially finance the construction of hospital buildings as well as the acquisition of medical equipment and building utilities. As a result, total Interest-Bearing Loans and Borrowings stood at ₱876.01 million as of June 30, 2025, reflecting a ₱375,000 or 0.04% decrease from ₱876.39 million as of December 31, 2024. Based on vertical analysis, loans accounted for 70.04% of total assets as of June 30, 2025, slightly up from 72.94% in the previous quarter. |
| Deposit for Future Stock Subscription | As of June 30, 2025, the Deposit for Future Stock Subscription remained unchanged from December 31, 2024. This amount represents funds received from investors in anticipation of the issuance of additional shares of the Company's capital stock, held in accordance with agreements outlining a future issuance at a pre-agreed subscription price. As of the end of the quarter, no shares have been issued in exchange for these deposits, and the amount continues to be classified as a noncurrent liability in the statement of financial position. Based on vertical analysis, the deposit represented unchanged share in the previous quarter. The stability in this account reflects the Company's ongoing compliance process, with share issuance expected to proceed once all regulatory requirements and board approvals are fulfilled. |

EQUITY

| | |
|--|---|
| Capital Shares | As of June 30, 2025, the Company's authorized share capital is at ₱309.63 million. No amendments to the capital structure were made during the quarter, and no additional shares were issued under the current authorization. From a vertical analysis perspective, the authorized share capital continues to represent a stable capital base aligned with the Company's long-term financing framework. While there is no movement in this account for the period, its presence provides the legal capacity for future equity infusions, including the planned conversion of deposits for future stock subscription, subject to regulatory and board approvals. |
| Subscription Receivables | As of March 31, 2025, subscription receivable remained unchanged at Php 18,000,000, consistent with the balance reported as of December 31, 2024, as no collections were made during the period. |
| Additional Paid-In Capital (APIC) | As of June 30, 2025, the Company's Additional Paid-In Capital (APIC) amounted to ₱162.00 million, reflecting an increase of P46,800,000 from the prior balance of ₱115,200,000 as of December 31, 2024. This increase resulted from the issuance of common shares during the period at prices above their par value. APIC represents the premium paid by investors over the par value of shares and is recognized as part of equity in the Company's statement of financial position. Based on vertical analysis, APIC accounted for 12.95% of total assets as of June 30, 2025 from 9.59%, highlighting a significant infusion of capital that strengthens the Company's equity base and improves its financial leverage position. |
| Deficit | As of June 30, 2025, the Company's deficit stood at ₱166,356,301, reflecting an increase of ₱9,981,677 or 6.38% from the ₱156,374,624 reported as of December 31, 2024. This increase was primarily due to the net loss incurred during the second quarter, further contributing to the Company's accumulated losses. In terms of vertical analysis, the deficit represented 13.30% of total assets as of June 30, 2025, compared to 13.02% in the previous quarter. The slight increase in proportion indicates a continued strain on retained earnings, underscoring the need for sustained revenue growth or cost management to improve profitability and reverse the negative equity trend over time. |

Changes in Financial Condition for Comparative periods December 31, 2024 and 2023

STATEMENT OF FINANCIAL POSITION (In Philippine Peso)

| | Horizontal Analysis | | | | Vertical Analysis | |
|--|----------------------|----------------------|---------------------|----------------|-------------------|----------------|
| | 12/31/2024 | 12/31/2023 | Inc./Dec. | % | 12/31/2024 | 12/31/2023 |
| ASSETS | | | | | | |
| <i>Current Assets</i> | | | | | | |
| Cash | 28,375,724 | 957,640 | 27,418,084 | 2863.09% | 2.36% | 0.09% |
| Trade and Other Receivables | 28,620,605 | - | 28,620,605 | n/a | 2.38% | 0.00% |
| Inventory | 10,912,960 | - | 10,912,960 | n/a | 0.91% | 0.00% |
| Other Current Assets | 99,431,315 | 83,021,923 | 16,409,392 | 19.77% | 8.28% | 8.15% |
| Total Current Assets | 167,340,604 | 83,979,563 | 83,361,041 | 99.26% | 13.93% | 8.25% |
| <i>Noncurrent Assets</i> | | | | | | |
| Property and Equipment, net | 150,455,655 | 136,618,257 | 13,837,398 | 10.13% | 12.52% | 13.41% |
| Construction in Progress | 847,720,968 | 781,630,486 | 66,090,482 | 8.46% | 70.56% | 76.74% |
| Intangible Asset, net | 2,222,099 | 136,787 | 2,085,312 | 1524.50% | 0.18% | 0.01% |
| Other Noncurrent Asset | 4,609,112 | 4,609,112 | - | 0.00% | 0.38% | 0.45% |
| Deferred MCIT | 1,298 | 1,298 | - | 0.00% | 0.00% | 0.00% |
| Deferred Tax Asset | 29,098,785 | 11,564,016 | 17,534,769 | 151.63% | 2.42% | 1.14% |
| Total Noncurrent Assets | 1,034,107,917 | 934,559,956 | 99,547,961 | 10.65% | 86.07% | 91.75% |
| TOTAL ASSETS | 1,201,448,521 | 1,018,539,519 | 182,909,002 | 17.96% | 100.00% | 100.00% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| <i>Current Liabilities</i> | | | | | | |
| Trade and Other Payables | 55,855,644 | 76,127,419 | (20,271,775) | -26.63% | 4.65% | 7.47% |
| Loans Payable | 750,000 | 31,900,331 | (31,150,331) | -97.65% | 0.06% | 3.13% |
| Income Tax Payable | - | 1,298 | 1,298 | -100.00% | 0.00% | 0.00% |
| Total Current Liabilities | 56,605,644 | 108,029,048 | (51,423,404) | -47.60% | 4.71% | 10.61% |
| <i>Noncurrent Liabilities</i> | | | | | | |
| Loans Payable | 876,387,500 | 690,742,263 | 185,645,237 | 26.88% | 72.94% | 67.82% |
| Deposit for Future Stock Subscription | - | 35,550,000 | 35,550,000 | -100.00% | 0.00% | 3.49% |
| Total Noncurrent Liabilities | 876,387,500 | 726,292,263 | 150,095,237 | 20.67% | 72.94% | 71.31% |
| Total Liabilities | 932,993,144 | 834,321,311 | 98,671,833 | 11.83% | 77.66% | 81.91% |
| <i>Shareholders' Equity</i> | | | | | | |
| Share Capital | 309,630,000 | 288,000,000 | 21,630,000 | 7.51% | 25.77% | 28.28% |
| <i>Authorized 359,400 common shares at Php 1,000 par value; 600 founder shares at Php1,000 par value</i> | | | | | | |
| <i>Issued and outstanding 318,420 common shares at par; including 600 founder shares at par</i> | | | | | | |
| Additional Paid-in Capital | 115,200,000 | - | 115,200,000 | n/a | 9.59% | 0.00% |
| Deficit | (156,374,624) | (103,781,792) | (52,592,832) | 50.68% | -13.02% | -10.19% |
| Total Shareholders' Equity | 268,455,377 | 184,218,208 | 84,237,169 | 45.73% | 22.34% | 18.09% |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,201,448,521 | 1,018,539,519 | 182,909,002 | 17.96% | 100.00% | 100.00% |

Changes in the Financial Condition for comparative periods as at December 31, 2024 and December 31, 2023

| <u>ASSETS</u> | |
|------------------------------------|--|
| Cash and Cash Equivalents | As of December 31, 2024, the cash balance amounted to ₱28.38 million, a significant increase of ₱27.42 million or 2,863.09% from ₱957,640 in 2023. This sharp rise indicates substantial improvement in liquidity, likely driven by favorable cash inflows or reduced cash outflows during the period. |
| Trade and Other Receivables | Trade and other receivables totaled ₱28.62 million in 2024. This newly recognized balance represents receivables generated from operating activities such as patient billing and third-party reimbursements. |
| Inventory | Inventory was recorded at ₱10.91 million, reflecting the stock of medical supplies, pharmaceuticals, and other consumables necessary for hospital operations. |
| Other current assets | Other current assets increased by ₱16.41 million or 19.77%, reaching ₱99.43 million in 2024. The account mainly consists of Input VAT carry-over and advances to suppliers related to construction and procurement. |
| Property and Equipment | Property and equipment, net of depreciation, increased by ₱13.84 million or 10.13%, reaching ₱150.46 million. The growth is attributed to acquisitions of hospital and medical equipment in support of expanded operations. |
| Construction in Progress | Pertains to the construction of the hospital building. As of to date, the hospital is 99% complete. Construction in progress rose by ₱66.09 million or 8.46%, totaling ₱847.72 million. This reflects ongoing development of the hospital building and related infrastructure projects. |
| Intangible Assets | Intangible assets totaled ₱2.22 million, increasing by ₱2.09 million or 1,524.50%, primarily due to the capitalization of software licenses and other intangible costs. |
| Other Noncurrent Assets | Other noncurrent assets remained unchanged at ₱4.61 million, representing energy deposits made during the installation of hospital electricity systems. |

| | |
|-------------------------------------|--|
| Deferred MCIT and Tax Assets | Deferred MCIT increased by ₱96,782 or 7,456.24%, totaling ₱98,080, due to the recognition of additional tax credits. The deferred tax asset remained constant at ₱11.56 million, indicating no material changes in projected tax benefits. |
|-------------------------------------|--|

| <u>LIABILITIES</u> | |
|--|--|
| Trade and Other Payables | Trade and other payables decreased by ₱20.27 million or 26.63%, from ₱76.13 million to ₱55.86 million. The reduction reflects the settlement of payables related to contractors, suppliers, accrued expenses, and government remittances. |
| Loans Payable | Current portion of loans payable declined from ₱31.90 million to ₱750,000, a decrease of ₱31.15 million or 97.65%, due to either repayment or reclassification of loans. Noncurrent loans payable increased by ₱185.65 million or 26.88%, reaching ₱876.39 million. This increase reflects the loans which were utilized to finance ongoing hospital construction projects and the acquisition of medical equipment and building utilities. |
| Deposit for Future Stock Subscription | The Deposit for Future Stock Subscription represents funds amounting to 35,550,000 received from investors in anticipation of the issuance of additional shares of the company's capital stock. These deposits are held in accordance with agreements specifying the future issuance of shares at an agreed subscription price. As of December 31, 2024, there is no deposit for future subscription shown in the financial statement, a sharp decline from Php 35,550,000 reported as of December 31, 2023. This indicates a 100% decrease, suggesting that the amount received for future subscription was converted into share capital or returned to the investors. |
| <u>EQUITY</u> | |
| Capital Shares | <p>The authorized share capital of the company as of December 31, 2024, is Php360,000,000, consisting of the following:</p> <p>a. Common Shares: 359,400 shares authorized with a par value of Php1,000 per share. As of December 31, 2024, the subscribed and issued common shares amounted to Php327,030,000, reflecting the conversion of Php151,000,000 from preferred shares and new issuances totaling Php12,420,000 during the year.</p> <p>b. Founder Shares: 600 shares authorized and fully subscribed with a par value of Php1,000 per share, amounting to Php600,000.</p> <p>c. Preferred Shares: Previously authorized preferred share capital of Php180,000,000 was converted into common shares during the year, leaving no outstanding preferred shares as of December 31, 2024.</p> |

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| | |
| Subscription Receivables | Subscription receivable as of December 31, 2024, stood at Php18,000,000 at the beginning of the year due to collections amounting to Php1,800,000. |
| Additional Paid-In Capital (APIC) | The APIC account represents premiums on share issuances above par value. During the year, the company recognized Php 115,200,000 in APIC from the issuance of common shares at prices above their par value. |
| Deficit | The deficit reflects the accumulated losses of the company. As of December 31, 2024, the deficit totaled Php156,374,623.60, increasing from Php103,781,792 at the beginning of the year. The increase primarily resulted from a net loss of Php52,592,831.80 incurred during the period. |

Changes in Financial Condition for Comparative periods December 31, 2023 and 2022

| | Horizontal Analysis | | | | Vertical Analysis | |
|---|----------------------|----------------------|---------------------|----------------|-------------------|----------------|
| | 12/31/2023 | 12/31/2022 | Inc./Dec. | % | 12/31/2023 | 12/31/2022 |
| ASSETS | | | | | | |
| <i>Current Assets</i> | | | | | | |
| Cash | 957,640 | 51,004,080 | (50,046,440) | -98.12% | 0.09% | 5.00% |
| Other Current Assets | 83,021,923 | 80,125,502 | 2,896,421 | 3.61% | 8.15% | 7.85% |
| Total Current Assets | 83,979,563 | 131,129,582 | (47,150,019) | -35.96% | 8.25% | 12.85% |
| <i>Noncurrent Assets</i> | | | | | | |
| Property and Equipment, net | 136,618,257 | 143,406,192 | (6,787,935) | -4.73% | 13.41% | 14.06% |
| Construction in Progress | 781,630,486 | 740,847,452 | 40,783,034 | 5.50% | 76.74% | 72.62% |
| Intangible Asset, net | 136,787 | 155,224 | (18,437) | -11.88% | 0.01% | 0.02% |
| Other Noncurrent Asset | 4,609,112 | 4,609,112 | | 0.00% | 0.45% | 0.45% |
| Deferred MCIT | 1,298 | - | 1,298 | na | 0.00% | 0.00% |
| Deferred Tax Asset | 11,564,016 | - | 11,564,016 | na | 1.14% | 0.00% |
| Total Noncurrent Assets | 934,559,956 | 889,017,980 | 45,541,976 | 5.12% | 91.75% | 87.15% |
| TOTAL ASSETS | 1,018,539,519 | 1,020,147,562 | (1,608,043) | -0.16% | 100.00% | 100.00% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| <i>Current Liabilities</i> | | | | | | |
| Trade and Other Payables | 76,127,419 | 66,483,780 | 9,643,639 | 14.51% | 7.47% | 6.52% |
| Loans Payable | 31,900,331 | 65,116,355 | (33,216,024) | -51.01% | 3.13% | 6.38% |
| Income Tax Payable | 1,298 | 534 | 764 | 143.07% | 0.00% | 0.00% |
| Total Current Liabilities | 108,029,048 | 131,600,669 | (23,571,621) | -17.91% | 10.61% | 12.90% |
| <i>Noncurrent Liabilities</i> | | | | | | |
| Loans Payable | 690,742,263 | 672,183,645 | 18,558,618 | 2.76% | 67.82% | 65.89% |
| Deposit for Future Stock Subscription | 35,550,000 | - | 35,550,000 | n/a | 3.49% | 0.00% |
| Total Noncurrent Liabilities | 726,292,263 | 672,183,645 | 54,108,618 | 8.05% | 71.31% | 65.89% |
| Total Liabilities | 834,321,311 | 803,784,314 | 30,536,997 | 3.80% | 81.91% | 78.79% |
| <i>Shareholders' Equity</i> | | | | | | |
| Share Capital | 288,000,000 | 285,458,000 | 2,542,000 | 0.89% | 28.28% | 27.98% |
| <i>Authorized 359,400 common shares at Php1,000 par value; 600 founder shares at Php1,000 par value</i> | | | | | | |
| <i>Issued and outstanding 318,420 common shares at par; including 600 founder shares at par</i> | | | | | | |
| Additional Paid-in Capital | | | | n/a | 0.00% | 0.00% |
| Deficit | (103,781,792) | (69,094,752) | (34,687,040) | 50.20% | -10.19% | -6.77% |
| Total Shareholders' Equity | 184,218,208 | 216,363,248 | (32,145,040) | -14.86% | 18.09% | 21.21% |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,018,539,519 | 1,020,147,562 | (1,608,043) | -0.16% | 100.00% | 100.00% |

| <u>ASSETS</u> | |
|-------------------------------------|---|
| Cash and Cash Equivalents | The cash balance as of December 31, 2023, significantly decreased by Php50,046,440 (98.12%) to Php957,640, primarily due to substantial outflows for hospital building construction and acquisition of medical equipment. This represents only 0.09% of total assets as of December 31, 2023. |
| Other current assets | Other current assets rose by Php2,896,421 (3.61%) to Php83,021,923 as of December 31, 2023. This increase reflects higher Input Tax Over and advances to suppliers, representing 7.85% of total assets. |
| Property and Equipment | Property and equipment, net of accumulated depreciation, declined by Php6,787,935 (4.73%) to Php136,618,257 as of December 31, 2023. The decrease is attributable to depreciation exceeding acquisitions, representing 14.06% of total assets. |
| Construction in Progress | Construction in progress increased by Php40,783,034 (5.50%) to Php781,630,486, reflecting ongoing capital projects as of December 31, 2023. This account represents the largest proportion of total assets at 76.74% by December 31, 2023. |
| Intangible Assets | Intangible assets decreased by Php18,437 (11.88%) to Php136,787 due to amortization. These represent computer software or intellectual property investments. |
| Other Noncurrent Assets | This account includes energy deposits that are paid during the installation of hospital electricity. |
| Deferred MCIT and Tax Assets | Deferred MCIT: A deferred minimum corporate income tax (MCIT) asset of Php1,298 was recorded, arising from tax credits. Deferred Tax Asset: A new deferred tax asset of Php11,564,016 was recognized in 2023 due to deductible temporary differences. |
| <u>LIABILITIES</u> | |
| Trade and Other Payables | Trade and other payables increased by Php9,643,639 (14.51%) to Php76,127,419 as of December 31, 2023. This increase is due to higher accrued expenses and accounts payable, representing 6.52% of total assets. |
| Loans Payable | The Hospital previously entered into two term loan agreements with the Development Bank of the Philippines (DBP), one in 2018 and other in 2021. The first loan is wholly secured by the Company's Land and project under construction, while the second loan is secured with movable assets with its security agreement with DBP, as well as the receivables arising from the Philippine Health Insurance Corporation. |

| | |
|--|---|
| Deposit for Future Stock Subscription | <p>The Deposit for Future Stock Subscription represents funds amounting to 35,550,000 received from investors in anticipation of the issuance of additional shares of the company's capital stock. These deposits are held in accordance with agreements specifying the future issuance of shares at an agreed subscription price.</p> <p>As of reporting date, the deposit for future stock subscription is recognized as a noncurrent liability since it does not meet all the requirements enumerated by the Security and Exchange Commission (SEC).</p> |
|--|---|

| <u>EQUITY</u> | |
|--|---|
| Capital Shares | <p>The Company is authorized to issue a total share capital of Php360,000,000, consisting of the following:</p> <p>Preferred Shares: Php180,000,000 Common Shares: Php179,400,000 (359,400 shares at Php1,000 par value) Founder Shares: Php600,000 (600 shares at Php1,000 par value)</p> <p>The authorized share capital remained unchanged from the previous year.</p> |
| Subscription Receivables | <p>The subscription receivable as of December 31, 2023, decreased to Php18,000,000 from Php20,542,000 due to collections amounting to Php2,542,000 during the year.</p> |
| Additional Paid-In Capital (APIC) | <p>No additional paid-in capital was recognized during 2023, and the account balance remained at zero as of December 31, 2023.</p> |
| Deficit | <p>Shareholders' equity amounted to Php184,218,208 as of December 31, 2023, reflecting a decrease of Php32,145,040 (14.86%) from Php216,363,248 as of December 31, 2022. This decline is primarily due to the net loss incurred during the year.</p> |

STATEMENT IN FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION
(In Philippine Peso)

| | 6/30/2025 | 12/30/2024 | 12/31/2023 | 12/31/2022 |
|---|----------------------|----------------------|----------------------|----------------------|
| ASSETS | | | | |
| <i>Current Assets</i> | | | | |
| Cash | 19,730,437 | 28,375,724 | 957,640 | 51,004,080 |
| Trade and Other Receivables | 45,693,233 | 28,620,605 | | |
| Inventory | 13,504,893 | 10,912,960 | | |
| Other Current Assets | 101,348,787 | 99,431,315 | 83,021,923 | 80,125,502 |
| Total Current Assets | 180,277,350 | 167,340,604 | 83,979,563 | 131,129,582 |
| <i>Noncurrent Assets</i> | | | | |
| Property and Equipment, net | 165,725,128 | 150,455,655 | 136,618,257 | 143,406,192 |
| Construction in Progress | 868,985,074 | 847,720,968 | 781,630,486 | 740,847,452 |
| Intangible Asset, net | 1,972,601 | 2,222,099 | 136,787 | 155,224 |
| Other Noncurrent Asset | 4,609,112 | 4,609,112 | 4,609,112 | 4,609,112 |
| Deferred MCIT | 1,298 | 1,298 | 1,298 | - |
| Deferred Tax Asset | 29,098,785 | 29,098,785 | 11,564,016 | - |
| Total Noncurrent Assets | 1,070,391,997 | 1,034,107,917 | 934,559,956 | 889,017,980 |
| TOTAL ASSETS | 1,250,669,348 | 1,201,448,521 | 1,018,539,519 | 1,020,147,562 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| <i>Current Liabilities</i> | | | | |
| Trade and Other Payables | 68,633,149 | 55,855,644 | 76,127,419 | 66,483,780 |
| Loans Payable | 750,000 | 750,000 | 31,900,331 | 65,116,355 |
| Income Tax Payable | - | - | 1,298 | 534 |
| Total Current Liabilities | 69,383,149 | 56,605,644 | 108,029,048 | 131,600,669 |
| <i>Noncurrent Liabilities</i> | | | | |
| Loans Payable | 876,012,500 | 876,387,500 | 690,742,263 | 672,183,645 |
| Deposit for Future Stock Subscription | - | - | 35,550,000 | - |
| Total Noncurrent Liabilities | 876,012,500 | 876,387,500 | 726,292,263 | 672,183,645 |
| Total Liabilities | 945,395,649 | 932,993,144 | 834,321,311 | 803,784,314 |
| <i>Shareholders' Equity</i> | | | | |
| Share Capital | 309,630,000 | 309,630,000 | 288,000,000 | 285,458,000 |
| <i>Authorized 359,400 common shares at Php1,000 par value; 600 founder shares at Php1,000 par value</i> | | | | |
| <i>Issued and outstanding 318,420 common shares at par; including 600 founder shares at par</i> | | | | |
| Additional Paid-in Capital | 162,000,000 | 115,200,000 | | |
| Deficit | (166,356,301) | (156,374,624) | (103,781,792) | (69,094,752) |
| Total Shareholders' Equity | 305,273,699 | 268,455,377 | 184,218,208 | 216,363,248 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,250,669,348 | 1,201,448,521 | 1,018,539,519 | 1,020,147,562 |

Discussion and Analysis of the Statement of Financial Position
(As of June 30, 2025, with comparative data for 2024, 2023, and 2022)

The Statement of Financial Position provides a snapshot of a company's financial standing as of the specified dates. In this case, the data covers the years 2022, 2023, 2024, and a partial year ending September 30, 2025. The key components of this statement include Assets, Liabilities, and Shareholders' Equity. Below is a detailed discussion and analysis of these sections:

1. Assets

a) Current Assets

Current Assets represent the resources that the company expects to convert into cash or use up within one year. The movement in current assets over the years is as follows:

- **Cash and Cash Equivalents:**

As of June 30, 2025, the Company's cash balance stood at ₱19,730,437, reflecting a decrease of ₱8,645,287 or 30.47% from the ₱28,375,724 reported on December 31, 2024. This slight decline may indicate increased cash utilization during the quarter, possibly for operational needs, planned capital expenditures, or the repayment of short-term obligations. In terms of vertical analysis, cash comprised 1.58% of total assets as of June 30, 2025, slightly down from 2.36% at year-end 2024. While this percentage decrease is modest, it still reflects a healthy liquidity position relative to the Company's overall asset base. The 30.47% decline in cash also suggests a moderate shift in liquidity, likely resulting from normal fluctuations in operating cash flow or timing differences between receipts and disbursements.

- **Trade and Other Receivables:**

As of June 30, 2025, the Company reported total Trade and Other Receivables of ₱45.69 million, reflecting an increase of ₱17.07 million or 59.65% from the ₱28.62 million reported as of December 31, 2024. Due to uncollected revenue from Philhealth, receivables from patients and Receivables from DOH. This increase may indicate higher credit sales or a slowdown in collections over the year. From a vertical analysis perspective, Trade and Other Receivables accounted for 3.65% of total assets in 2025, slightly up from 2.38% in 2024. The rise suggests that a marginally greater portion of the Company's assets is tied to receivables, potentially reflecting a more credit-driven sales strategy or longer collection cycles. While this trend may be aligned with business growth, it underscores the need to closely manage receivable turnover to maintain a healthy liquidity position and efficient working capital management.

- **Inventory :**

As of June 30, 2025, the Company reported an inventory balance of ₱13.50 million, slightly up from ₱10.91 million as of December 31, 2024, reflecting an increase of ₱2.59 million or 23.75% based on horizontal analysis. This amount represents the value of medical supplies, pharmaceuticals, and other consumables that are either in stock or ready for use to support hospital operations. The modest decline suggests ongoing efforts to optimize inventory levels while avoiding excess stock that could lead to wastage or expiration. From a vertical perspective, inventories accounted for 1.08% of total assets as of June 30, 2025, compared to 0.91% at year-end 2024. The slight reduction indicates continued efficiency in supply chain management without compromising the hospital's capacity to ensure uninterrupted patient care.

- **Other Current Assets:**

As of June 30, 2025, Other Current Assets amounted to ₱101.34 million, primarily consisting of Input VAT Carry-Over and Advances to Suppliers. This reflects a slight increase of ₱1.92 million or 1.93% compared to the ₱99.43 million reported as of December 31, 2024, based on horizontal analysis. The decline may indicate the application of input tax credits or the fulfillment of supplier advances during the quarter. In terms of vertical analysis, Other Current Assets represented 8.10% of total assets as of June 30, 2025, compared to 8.28% at the end of 2024. This slight reduction suggests improved utilization or conversion of short-term assets into operational use, contributing to more efficient working capital management.

b) Noncurrent Assets

Noncurrent assets include long-term investments, property, and intangible assets.

- **Property and Equipment (net):**

As of March 31, 2025, the net value of Property and Equipment increased by ₱15.45 million or 10.15% from its balance of ₱150.45 million as of December 31, 2024, reaching ₱165.72 million. This growth is primarily attributed to the acquisition of hospital and medical equipment in support of the Company's ongoing operational expansion. Based on vertical analysis, Property and Equipment accounted for 13.25% of total assets as of June 30, 2025, up from 12.52% at year-end 2024. The increase reflects continued investment in long-term assets to enhance the hospital's capacity and service delivery, aligning with its strategic goals for growth and improved patient care.

- **Construction in Progress:**

Construction in Progress pertains to the ongoing development of the hospital building. As of June 30, 2025, the project is approximately _ complete. The account increased by ₱21.26 million or 2.51% from the ₱847.72 million reported as of December 31, 2024, bringing the balance to ₱868.98 million. This growth reflects the Company's continued investment in expanding its facilities and infrastructure. From a vertical analysis standpoint, Construction in Progress represented 69.48% of total assets as of June 30, 2025, compared to 70.56% at year-end 2024. The slight decline in proportion, despite the absolute increase, indicates that other asset categories are also growing, suggesting a more balanced asset structure as construction progresses toward completion.

- **Intangible Assets (net):**

As of June 30, 2025, Intangible Assets, net of amortization, amounted to ₱1.97 million, reflecting a decrease of ₱249,498 or 11.23% from the ₱2.22 million reported as of December 31, 2024. The decline is attributed to the periodic amortization of intangible assets, such as software licenses or hospital system applications. In terms of vertical analysis, Intangible Assets accounted for 0.16% of total assets as of June 30, 2025, slightly down from 0.18% in the previous quarter. While the overall impact on the asset base is minimal, the decline reflects the normal consumption of economic benefits from intangible resources over time.

- **Other Noncurrent Assets & Deferred Tax Assets:**

Other noncurrent assets remained at 4.61 million. This account includes energy deposit that paid during the installation of hospital electricity.

- **Deferred MCIT and Tax Assets:**

As of June 30, 2025, Deferred Minimum Corporate Income Tax (MCIT) remained unchanged at ₱0, indicating no additional minimum corporate income tax credits were recognized during the quarter. Similarly, the Deferred Tax Asset held steady at ₱29.09 million, showing no movement from the December 31, 2024 balance. The absence of change suggests stable expectations regarding the Company's ability to realize future tax benefits. From a vertical analysis perspective, the Deferred Tax Asset represented 2.33% of total assets as of June 30, 2025, and 2.42% from the previous quarter. The steady balances in both accounts reflect consistent tax positions and no significant shifts in timing or recognition of deductible temporary differences during the period.

2. Liabilities

a) Current Liabilities

Current liabilities represent obligations the company must settle within a year. These include trade payables, loans payable, and tax liabilities.

- **Trade and Other Payables:**

As of June 30, 2025, Trade and Other Payables amounted to ₱68.63 million, reflecting an increase of ₱12,777,505 or 22.78% from the ₱55.86 million reported as of December 31, 2024. This account consists of payables to suppliers, accrued expenses, and statutory obligations such as SSS, PhilHealth, and HDMF contributions. From a vertical analysis standpoint, Trade and Other Payables represented 5.49% of total assets as of June 30, 2025, slightly up from 4.65% in the previous quarter.

- **Loans Payable:**

As of June 30, 2025, the Hospital maintained several term loan agreements, including two loans previously obtained from the Development Bank of the Philippines (DBP) in 2018 and 2021. During 2024, the Hospital entered into six (6) new term loan agreements with the Bank of the Philippine Islands (BPI). The BPI loans were utilized to fully settle the outstanding balances with DBP and to partially finance the construction of hospital buildings as well as the acquisition of medical equipment and building utilities. As a result, total Interest-Bearing Loans and Borrowings stood at ₱876.01 million as of June 30, 2025, reflecting a ₱375,000 or 0.04% decrease from ₱876.39 million as of December 31, 2024. Based on vertical analysis, loans accounted for 70.04% of total assets as of June 30, 2025, slightly up from 72.94% in the previous quarter.

- **Deposit for Future Stock Subscription**

As of June 30, 2025, the Deposit for Future Stock Subscription remained unchanged from December 31, 2024. This amount represents funds received from investors in anticipation of the issuance of additional shares of the Company's capital stock, held in accordance with agreements outlining a future issuance at a pre-agreed subscription price. As of the end of the quarter, no shares have been issued in exchange for these deposits, and the amount continues to be classified as a noncurrent liability in the statement of financial position. Based on vertical analysis, the deposit represented unchanged share in the previous quarter. The stability in this account reflects the Company's ongoing compliance process, with share issuance expected to proceed once all regulatory requirements and board approvals are fulfilled.

b) Noncurrent Liabilities

Noncurrent liabilities are long-term obligations the company will settle after one year.

- **Loans Payable (Long-Term):**

The loans payable balance has increased substantially from ₱672.18 million in 2022 to ₱876.01 million in 2025. This suggests the company has been taking on long-term debt, likely to fund its capital-intensive projects, such as construction in progress.

3. Shareholders' Equity

Shareholders' equity represents the residual interest in the company after deducting liabilities from assets.

- **Share Capital:**

As of June 30, 2025, the Company's authorized share capital is at ₱309.63 million. No amendments to the capital structure were made during the quarter, and no additional shares were issued under the current authorization. From a vertical analysis perspective, the authorized share capital continues to represent a stable capital base aligned with the Company's long-term financing framework. While there is no movement in this account for the period, its presence provides the legal capacity for future equity infusions, including the planned conversion of deposits for future stock subscription, subject to regulatory and board approvals.

- **Additional Paid-in Capital:**

As of June 30, 2025, the Company's Additional Paid-In Capital (APIC) amounted to ₱162.00 million, reflecting an increase of ₱46,800,000 from the prior balance of ₱115,200,000 as of December 31, 2024. This increase resulted from the issuance of common shares during the period at prices above their par value. APIC represents the premium paid by investors over the par value of shares and is recognized as part of equity in the Company's statement of financial position. Based on vertical analysis, APIC accounted for 12.95% of total assets as of June 30, 2025 from 9.59%, highlighting a significant infusion of capital that strengthens the Company's equity base and improves its financial leverage position.

- **Deficit:**

As of June 30, 2025, the Company's deficit stood at ₱166,356,301, reflecting an increase of ₱9,981,677 or 6.38% from the ₱156,374,624 reported as of December 31, 2024. This increase was primarily due to the net loss incurred during the second quarter, further contributing to the Company's accumulated losses. In terms of

vertical analysis, the deficit represented 13.30% of total assets as of June 30, 2025, compared to 13.02% in the previous quarter. The slight increase in proportion indicates a continued strain on retained earnings, underscoring the need for sustained revenue growth or cost management to improve profitability and reverse the negative equity trend over time.

• **Total Shareholders' Equity:**

As of June 30, 2025, total shareholders' equity increased to 305.27 million from 268.46 million in 2024, reflecting improvements in retained earnings and capital reserves.

STATEMENT IN FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE

As of December 31,

(In Philippine Peso)

| | 6/30/2025 | 12/31/2024 | 12/31/2023 | 12/31/2022 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | 105,746,469 | 57,872,252 | - | - |
| Cost of Revenues | (84,560,461) | (63,767,854) | - | - |
| Gross Profit (Loss) | 21,186,007 | (5,895,602) | - | - |
| Other Income | 575,182 | 286,737 | 91,572 | 53,393 |
| Operating Expenses | (19,651,744) | (39,728,645) | (29,373,061) | (23,605,147) |
| Operating Loss | 2,109,446 | (45,337,510) | (29,281,489) | (23,551,754) |
| Finance Cost | (12,091,123) | (24,790,091) | (16,969,567) | (12,083,284) |
| Loss before Provision for Income Tax | (9,981,677) | (70,127,601) | (46,251,056) | (35,635,038) |
| Provision for Income Tax | | 17,534,769.00 | 11,564,016 | (534) |
| NET LOSS | (9,981,677) | (52,592,832) | (34,687,040) | (35,635,572) |
| LOSS PER SHARE | (31.51) | (166.00) | (223.79) | (229.91) |

Discussion and Analysis Statement of Comprehensive Income

The **Statement of Comprehensive Income** provides an overview of the company's financial performance over a specific period. The key components include **Revenues**, **Cost of Revenues**, **Gross Profit**, **Operating Income and Expenses**, **Finance Costs**, and **Net Loss**. This statement is essential for understanding how the company's operations are affecting profitability and its ability to generate earnings. The data spans the years 2022 to 2025, with a focus on the year-to-date period ending June 30, 2025. Below is a detailed discussion and analysis of the company's performance.

1. Revenues

• **6/30/2025: ₱105,746,469**

For the sixth-month period ended June 30, 2025, revenues amounted to 105.74 million, compared to 57.87 million for the year ended December 31, 2024. The increase was primarily driven by higher patient admissions, expanded operations in the pharmacy, laboratory, radiology, and hemodialysis departments, as well as the continuous improvement in outpatient and emergency services.

• **Revenue in 2024 : ₱286, 737**

The company reported ₱3.95 million in other income for 2024. This income likely stems from non-core activities such as income from bank deposits, income from rentals, gains from asset disposals, or other incidental sources.

• **No Revenues in 2023, and 2022**

The lack of revenue in these years suggests that the company may have been in a development phase, focusing on building infrastructure, projects, or completing the necessary groundwork to generate sales. This aligns with the information from the **Statement of Financial Position**, which highlighted significant investments in property, equipment, and construction in progress.

2. Cost of Revenues

- **6/30/2025: ₱(84,560,461)**

Cost of revenues increased to 84.56 million from 63.77 million in 2024, mainly due to higher medical supply consumption, drugs, and direct hospital service costs associated with the rise in patient volume.

- **Gross Profit: ₱43,218,611**

As a result, the hospital achieved a gross profit of 43.22 million in 2025, compared to a gross loss of 5.90 million in 2024, indicating significant improvement in operational efficiency and service utilization.

3. Other Income

- **6/30/2025: ₱575,182**

Other income amounted to 572,182 in 2025, compared to 286,737 in 2024. This income primarily came from patient transportation services, doctors' clinic rentals, and interest income from bank deposits.

- **2024: ₱286,737 , 2023: ₱91,572 and 2022: ₱53,393**

The other income has gradually increased over the past few years, although it remains quite low in comparison to the company's operational losses. This could suggest that the company is still in the process of diversifying its income streams or that the other income sources are minor relative to the company's financial activities.

4. Operating Expenses

- **6/30/2025: ₱(19,651,744)**

Operating expenses for the six-month period ended June 30, 2025 totaled 19.65 million, lower than 39.73 million in 2024.

- **Historical Comparison (2022-2024):**

Operating expenses have also been increasing year-over-year:

- **2024: ₱39.73 million**
 - **2023: ₱29.37 million**
 - **2022: ₱23.61 million**
-

5. Operating Income (Loss)

- **6/30/2025: ₱2,109,446**

The company's net loss improved significantly over the period. After recording net losses of ₱35.64 million in 2022, ₱34.69 million in 2023, and ₱52.59 million in 2024, the hospital's loss narrowed to ₱9.98 million as of June 30, 2025. This represents a substantial improvement of approximately ₱42.6 million compared to 2024. The turnaround is mainly attributed to higher revenues, stronger gross margins, and reduced operating and financing costs.

While the hospital continues to post a net loss, the marked improvement in financial performance indicates that Premier Medical Center Zamboanga is on a solid path toward achieving operational stability and long-term profitability as it continues to mature and optimize its services.

- **Loss from Operations:**

This positive shift suggests that the company has begun to manage its costs more effectively and improve revenue streams. However, despite this progress, the company's historical trend of operating losses highlights the need for continued efficiency measures, cost control, and revenue enhancement strategies to sustain and

strengthen profitability in the coming periods.

6. Finance Cost

• 6/30/2025: ₱(12,091,123)

Finance costs continued to represent interest on bank loans used to finance hospital construction, medical equipment, and other capital expenditures. These costs rose from ₱12.08 million in 2022 to ₱24.79 million in 2024. For the six months ended June 30, 2025, finance costs decreased to ₱12.09 million, the decrease in finance costs reflects improved capital management during the period, driven by partial loan repayments and reduced interest expenses following the settlement or restructuring of certain borrowings. This indicates more efficient cash flow utilization and a positive step toward strengthening the company's financial position.

• Historical Comparison (2022-2024):

As of June 30, 2025, finance costs totaled ₱12.09 million, primarily representing interest on bank loans used to fund hospital construction, medical equipment, and other capital investments. The current level of finance costs indicates that the company continues to manage its debt obligations while maintaining support for ongoing operations and expansion. The stability in interest expenses suggests more effective loan management and improved control over financing activities, contributing to better overall financial stability.

7. Loss Before Provision for Income Tax

• 6/30/2025: ₱(9,981,677)

The company posted a **loss before tax of 9.98 million** for the first two quarters of 2025, showing a significant improvement from the ₱46.25 million loss in 2024. The notable decrease in losses reflects better operational performance and lower finance costs during the period.

• Historical Trend:

While the company had consistently incurred losses before tax in prior years, the downward trend in 2025 indicates a positive turnaround. This improvement suggests that ongoing cost management initiatives, enhanced operational efficiency, and optimized financial strategies are beginning to yield favorable results, moving the company closer toward profitability.

8. Provision for Income Tax

• 06/30/2025: ₱0

The company did not recognize any provision for income tax as of June 30, 2025, reflecting its continued net loss position for the period. In contrast, a tax provision of ₱17.53 million was recorded in 2024 and ₱11.56 million in 2023. These prior-year provisions were primarily related to adjustments in deferred tax assets and liabilities, as well as reconciliations of prior-period tax estimates. The absence of a tax provision in 2025 indicates that no taxable income was generated during the period and that the company continues to utilize available tax benefits from prior losses.

9. Net Loss

• 06/30/2025: ₱(9,981,677)

The company reported a net loss of ₱9.98 million for the first half of 2025, showing a substantial improvement compared to the ₱52.59 million loss in 2024 and ₱34.69 million loss in 2023. The significant reduction in losses reflects improved cost management, lower finance expenses, and gradual recovery in revenue generation. While the company has not yet achieved profitability, the downward trend in losses indicates progress toward financial stability and operational efficiency.

• Loss Per Share:

As of 2025, the loss per share was ₱31.51, indicating that the company's losses remained significant relative to its total paid-up capital of ₱302.22 million. However, with the notable decrease in net loss as of June 30, 2025, the

company shows signs of improving financial performance. This positive trend suggests a gradual recovery and potential enhancement of shareholder value as the company continues to strengthen its operations and move toward profitability.

10. Analysis

The company remains in a growth and expansion phase, with continued investments in infrastructure and service development. The 2025 results reflect a marked improvement in financial performance compared to prior years, highlighting progress toward operational efficiency and profitability. Key takeaways from the statement include:

1. Revenue Generation: Revenues for the six-month period ended June 30, 2025 reached ₱105.74 million, showing a significant increase from ₱57.87 million in 2024. The growth was driven by higher patient admissions and expanded operations in the pharmacy, laboratory, radiology, emergency, outpatient, and hemodialysis departments. This indicates that the company's core hospital services are gaining traction and generating stronger income streams.

2. Operating Income: The company achieved an operating income of ₱2.11 million as of June 30, 2025, marking a turnaround from an operating loss of ₱45.34 million in 2024. The improvement reflects effective cost management and increased revenue generation, demonstrating the company's progress toward sustainable operations and better utilization of resources.

3. Finance Costs: Finance costs amounted to ₱12.09 million for the six months ended June 30, 2025, down from ₱24.79 million in 2024. The decline was primarily due to partial loan repayments and debt restructuring, resulting in lower interest expenses. This improvement highlights better capital management and a more efficient approach to financing expansion activities.

4. Path to Profitability: The company's net loss of ₱9.98 million as of June 30, 2025, represents a significant improvement compared to ₱52.59 million in 2024. This steady reduction in losses indicates that management's efforts to enhance revenue, control costs, and manage financing obligations are producing positive results. Although the company has not yet reached profitability, its consistent progress signals a strong foundation for long-term financial stability and growth.

In the short term, the company should continue strengthening its revenue base, optimizing operational efficiency, and maintaining prudent financial management to achieve sustained profitability in the coming periods.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In Philippine Peso)

| | 6/30/2025 | 12/31/2024 | 12/31/2023 | 12/31/2022 |
|---|----------------------|----------------------|----------------------|---------------------|
| Share Capital | | | | |
| Authorized Share Capital | | | | |
| Preferred Shares | 180,000,000 | 180,000,000 | 180,000,000 | 180,000,000 |
| Common Shares - 359,400 shares, Php 1,000 pa | 179,400,000 | 179,400,000 | 179,400,000 | 179,400,000 |
| Founder Shares - 600 shares, Php1,000 par value | 600,000 | 600,000 | 600,000 | 600,000 |
| Total Authorized Share Capital | 360,000,000 | 360,000,000 | 360,000,000 | 360,000,000 |
| Subscribed Share Capital | | | | |
| Preferred Shares, Beginning Balance | - | 151,000,000 | 151,000,000 | 151,000,000 |
| Conversion to Common Shares | - | (151,000,000) | - | - |
| Preferred Shares, Ending Balance | - | - | 151,000,000 | 151,000,000 |
| Common Shares, Beginning Balance | 327,030,000 | 154,400,000 | 154,400,000 | 150,400,000 |
| Conversion from Preferred Shares | - | 151,000,000 | - | - |
| Issuances | - | 21,630,000 | - | 4,000,000 |
| Common Shares, Ending Balance | 327,030,000 | 327,030,000 | 154,400,000 | 154,400,000 |
| Founder Shares, Beginning Balance | 600,000 | 600,000 | 600,000 | 600,000 |
| Additional Subscriptions | - | - | - | - |
| Founder Shares, Ending Balance | 600,000 | 600,000 | 600,000 | 600,000 |
| Subscription Receivable | | | | |
| Beginning Balance | (18,000,000) | (18,000,000) | 20,542,000 | 216,393,000 |
| Additional during the year | - | - | - | 4,000,000 |
| Collections during the year | - | - | 2,542,000 | 199,851,000 |
| Ending Balance | (18,000,000) | (18,000,000) | (18,000,000) | (20,542,000) |
| Total Paid-Up Share Capital | 309,630,000 | 309,630,000 | 288,000,000 | 285,458,000 |
| Additional Paid-in Capital | | | | |
| Beginning Balance | 115,200,000 | - | - | - |
| Issuances of Shares at above par | 46,800,000 | 115,200,000 | - | - |
| Ending Balance | 162,000,000 | 115,200,000 | - | - |
| Deficit | | | | |
| Beginning Balance, Unadjusted | (156,374,624) | (103,781,792) | (69,094,752) | (31,868,001) |
| Prior Period Adjustment | - | - | - | (1,591,179) |
| Beginning Balance, Adjusted | (156,374,624) | (103,781,792) | (69,094,752) | (33,459,180) |
| Net Loss | (9,981,677) | (52,582,832) | (34,687,040) | (35,635,572) |
| Ending Balance | (166,356,300) | (156,374,624) | (103,781,792) | (69,094,752) |
| Total Deficit | (166,356,300) | (156,374,624) | (103,781,792) | (69,094,752) |
| TOTAL SHAREHOLDERS' EQUITY | 305,273,700 | 268,455,376 | 184,218,208 | 216,363,248 |

Discussion and Analysis of the Statement of Changes in Shareholders' Equity

The **Statement of Changes in Shareholders' Equity** provides a detailed overview of the changes in the company's equity over a specified period, showing movements in **share capital**, **additional paid-in capital**, **deficit**, and the **overall total equity**. This statement is essential for understanding how equity is being financed, impacted by losses, and the company's financial position in relation to shareholders. The statement spans from **2022 to 2025**, and below is a detailed analysis of each component.

1. Share Capital

• Authorized Share Capital:

The authorized share capital remains consistent at **₱360 million** across the years (2021–2025). This is split between:

- **Preferred Shares:** ₱180 million
- **Common Shares:** ₱179.4 million
- **Founder Shares:** ₱600,000

The authorized share capital reflects the maximum value of shares that the company can issue. The company has not made any changes to this authorization, suggesting that it has sufficient room to issue additional shares without needing to seek shareholder approval for an increase in authorized capital.

• **Subscribed Share Capital:**

- **Preferred Shares:** The preferred shares balance was ₱151 million from 2022 to 2024. However, by June 30, 2025, the balance decreased to ₱0 following a conversion to common shares amounting to ₱151 million. This indicates that all preferred shares were converted to common shares during the first half of 2025.

- **Common Shares:**

- The beginning balance for common shares in 2024 was ₱154.4 million, consistent with the balance in 2023.

- In 2024, the company issued an additional ₱172.93 million worth of common shares, bringing the total common share capital to ₱327.33 million by June 30, 2025.

- **Founder Shares:** No changes were made to the founder shares over the reporting periods. These remain constant at ₱600,000 from 2022 to 2025.

2. Subscription Receivable

The subscription receivable represents amounts owed to the company by shareholders for shares that have been subscribed to but not fully paid for.

- **6/30/2025:** The ending balance of ₱(18 million) remains unchanged from 2024, indicating that no additional collections or new subscriptions were made during the first half of 2025.

12/31/2024: The balance was also ₱(18 million), showing no change from the previous year's closing figure.

12/31/2023: The balance decreased to ₱0, following full collections of ₱20.54 million during the year, suggesting that shareholders had settled their outstanding subscriptions at that time.

12/31/2022: The balance stood at ₱(216.39 million), with ₱198.15 million collected during the year, indicating a significant reduction in outstanding receivables through collections.

- **Trends:** From 2022 to 2023, the company made substantial progress in collecting subscription receivables. However, by 2024, new subscription receivables amounting to ₱18 million reappeared and remained uncollected as of June 30, 2025. This pattern suggests periodic capital calls and delays in full payment from subscribing shareholders.

3. Total Paid-Up Share Capital

- **6/30/2025:** ₱309.53 million

The company's paid-up share capital increased from ₱288 million in 2023 to ₱309.53 million in 2025. This growth was driven primarily by the conversion of ₱151 million preferred shares to common shares and additional issuances totaling ₱172.93 million during 2024 and early 2025.

12/31/2024: ₱309.53 million — reflecting no further changes by year-end after the share issuances made during the year.

12/31/2023: ₱288 million — marking an increase from ₱285.46 million in 2022, largely due to share issuances and subscription collections.

12/31/2022: ₱285.46 million — the lowest in the reporting period, before the subsequent capital raising activities.

Trend Analysis:

The continuous increase in paid-up capital from 2022 to 2025 highlights the company's ongoing efforts to strengthen its capital base through equity financing. However, despite these capital infusions, the company's overall equity position continues to be affected by accumulated deficits and net losses.

4. Additional Paid-In Capital**• 6/30/2025: ₱162 million**

Additional paid-in capital increased from ₱115.2 million in 2024 to ₱162 million in 2025, reflecting a ₱46.8 million premium from new share issuances during the first half of 2025.

12/31/2024: ₱115.2 million — this balance originated from shares issued above par value during 2024.

2023 and Prior Years: No additional paid-in capital was recorded, indicating that prior share issuances were made at par value.

Trend Analysis:

The rise in additional paid-in capital from 2024 onward demonstrates the company's improved ability to issue shares at a premium. This suggests renewed investor confidence and a stronger market valuation for the company's equity instruments.

5. Deficit

The deficit represents the accumulated net losses of the company that have reduced total shareholders' equity over time.

6/30/2025: The company's deficit increased to ₱(166.36 million), up from ₱(156.37 million) at the end of 2024. This rise reflects the ₱9.98 million net loss incurred during the first half of 2025.

12/31/2024: The deficit stood at ₱(156.37 million), representing an increase of approximately ₱52.63 million from the ₱(103.78 million) deficit in 2023. This significant jump is attributed to the company's continued operating losses during 2024.

12/31/2023: The deficit was ₱(103.78 million), which increased by ₱34.69 million from ₱(69.09 million) in 2022, primarily due to sustained net losses.

12/31/2022: The deficit stood at ₱(69.09 million), higher than the ₱(31.87 million) in 2021, reflecting continued operational and financial challenges.

• Historical Comparison:

The deficit has expanded significantly over the reporting periods, highlighting ongoing financial difficulties and the company's inability to achieve profitability. Although the company has strengthened its capital base through share issuances, recurring net losses continue to erode shareholders' equity and signal persistent operational inefficiencies.

6. Total Shareholders' Equity

• 6/30/2025: The company's total shareholders' equity rose to ₱305.27 million, up from ₱268.44 million in 2024. This increase was mainly driven by the conversion of preferred shares to common shares and the ₱46.8 million addition to paid-in capital during the first half of 2025.

12/31/2024: Shareholders' equity was ₱268.44 million, marking a substantial increase from ₱184.22 million in 2023. The growth was primarily due to new share issuances and additional paid-in capital.

12/31/2023: Equity declined to ₱184.22 million from ₱216.36 million in 2022, reflecting the impact of continued netlosses.

12/31/2022: Total equity was ₱216.36 million, showing a strong increase from prior years as a result of capital-raising activities and share conversions.

• **Trends over the years:**

Despite persistent losses, total shareholders' equity has shown an upward trajectory due to consistent capital infusion efforts. The increase from 2023 to 2025 underscores the company's reliance on equity financing to sustain operations. However, the expanding deficit continues to offset these capital gains, emphasizing the need for improved profitability to maintain and enhance equity value.

7. Analysis

The **Statement of Changes in Shareholders' Equity from 2022 to June 30, 2025** highlights key developments in the company's capital structure and financial performance.

1. **Issuance of Shares and Capital Raising:**

The company continues to actively raise capital through the issuance of common shares and the conversion of preferred shares. In **2024 and early 2025**, significant equity activities took place — including the **₱151 million conversion of preferred shares into common shares** and **₱172.93 million in new common share issuances**. These transactions, along with **₱46.8 million in additional paid-in capital**, demonstrate strong investor participation and the company's continued reliance on equity financing to support its operations.

2. **Continued Losses and Deficit Growth:**

Despite capital increases, the company's **deficit widened from ₱(69.09 million) in 2022 to ₱(166.36 million) as of June 30, 2025**, primarily due to recurring operating losses. The most recent **₱9.98 million net loss** in the first half of 2025, following a **₱52.63 million loss in 2024**, indicates ongoing challenges in achieving profitability. The persistent deficit continues to offset the gains from capital raising activities.

3. **Financial Sustainability:**

The company's equity growth has been driven mainly by fresh capital injections rather than retained earnings. While the increase in total shareholders' equity to **₱305.27 million in 2025** reflects success in attracting investor funds, the pattern of sustained losses underscores a pressing need to improve operational efficiency, manage costs, and enhance revenue generation to ensure long-term sustainability.

4. **Equity Support and Investor Confidence:**

Equity remains bolstered by consistent capital-raising efforts, but the ongoing accumulation of losses poses a risk to investor confidence. The company must address its widening deficit and demonstrate progress toward profitability to maintain investor trust and safeguard its capital base.

Overall Analysis:

The company has shown resilience through consistent capital infusions and investor support. However, the expanding deficit and recurring net losses continue to erode shareholder value. Sustained improvements in operations and profitability will be essential to preserve financial stability and strengthen the company's equity position in the coming years.

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS
(In Philippine Peso)

| | 6/30/2025 | 12/31/2024 | 12/31/2023 | 12/31/2022 |
|---|---------------------|----------------------|---------------------|----------------------|
| Cash Flows from Operating Activities | | | | |
| Loss before Provision for Income Tax | (9,981,677) | (70,127,601) | (46,251,056) | (35,635,038) |
| Adjustments to reconcile Loss before Provision for Income Tax to Operating Loss before Working Capital Changes: | | | | |
| Capital Changes: | | | | |
| Finance Cost | 12,091,123 | 24,790,091 | 16,969,567 | 12,083,284 |
| Depreciation | 6,515,165 | 12,457,119 | 10,024,235 | 4,859,954 |
| Amortization | 252,486 | 252,188 | 18,437 | 18,437 |
| Interest Income | (5,466) | (11,476) | (5,006) | |
| Operating Loss before Working Capital Changes | 8,871,631 | (32,639,679) | (19,243,823) | (18,673,363) |
| Working Capital Changes: | | | | |
| Decrease (increase) in: | | | | |
| Receivables | (17,072,629) | (28,620,605) | | |
| Inventories | (2,591,933) | (10,912,960) | | |
| Other Current Assets | (1,917,472) | (16,409,392) | (2,896,421) | (16,185,663) |
| Increase (decrease) in: | | | | |
| Trade and Other Payables | 12,777,506 | (20,271,775) | 9,643,639 | 1,965,253 |
| Cash used in Operating Activities | 67,103 | (108,854,411) | (12,496,605) | (32,893,773) |
| Interest Income Received | 5,466 | 11,476 | 5,006 | |
| Income Tax Paid | | (1,298) | (534) | |
| Net Cash used in Operating Activities | 72,569 | (108,844,233) | (12,492,133) | (32,893,773) |
| Cash Flows from Investing Activities | | | | |
| Acquisition of Property and Equipment | (21,784,638) | (26,294,517) | (3,236,300) | (58,914,821) |
| Additions to Construction in Progress | (21,264,106) | (66,090,482) | (40,783,034) | (188,084,253) |
| Acquisitions of intangible asset | (2,988) | (2,337,500) | | |
| Net Cash used in Investing Activities | (43,051,732) | (94,722,499) | (44,019,334) | (246,999,074) |
| Cash Flows from Financing Activities | | | | |
| Collection of Subscription Receivable | - | - | 2,542,000 | 199,851,000 |
| Proceeds from Issuance of Shares at above par | 46,800,000 | 115,200,000 | | |
| Proceeds from Issuance of Shares | | 21,630,000 | | |
| Proceeds from Loans | | 168,096,500 | 13,705,000 | 129,800,000 |
| Refund of Deposit for Future Stock Subscription | | (35,550,000) | | |
| Finance Cost Paid | (12,091,123) | (24,790,091) | (16,969,567) | (12,083,284) |
| Payment of Loans | (375,000) | (13,601,594) | (28,362,406) | |
| Proceeds of Loans from Related Parties | - | - | 35,550,000 | |
| Net Cash provided by Financing Activities | 34,333,877 | 230,984,815 | 6,465,027 | 317,567,716 |
| Net increase (decrease) in cash | (8,645,286) | 27,418,083 | (50,046,440) | 37,674,869 |
| Cash, Beginning Balance | 28,375,724 | 957,640 | 51,004,080 | 13,329,211 |
| CASH, ENDING BALANCE | 19,730,438 | 28,375,724 | 957,640 | 51,004,080 |

Discussion and Analysis of the Statement of Cash Flows

The **Statement of Cash Flows** outlines the cash inflows and outflows from operating, investing, and financing activities. It helps assess the company's ability to generate cash to meet its obligations and fund its operations. The cash flows can be divided into three primary categories: **Operating Activities**, **Investing Activities**, and **Financing Activities**.

1. Cash Flows from Operating Activities

Operating activities represent the company's core business activities and the cash required for daily operations.

• Net Cash Used in Operating Activities:

○ 6/30/2025: ₱ 72,569

In 2025, the company experienced an outflow in its operating activities, with a net cash outflow of **₱72,569**. This represents a substantial decrease in cash used from operating activities compared to the previous periods.

- **Comparison with Previous Years:**

- **2024: ₱(108,854,411)** – Operating cash outflows were lower in 2025, suggesting better cash management or lower cash burn than in 2024.

- **2023: ₱(12,492,133)** – Operating cash outflows were lower in 2025, suggesting better cash management or lower cash burn than in 2024.

- **2022: ₱(32,893,773)** – There was also a large cash outflow in 2022, though it was smaller for 2025.

- **Key Drivers of Cash Outflows:**

- The **loss before tax** has been a consistent source of cash outflow across all periods. In 2025 it was **₱9.98**, in 2024 it was **₱70.13 million**, and **₱46.25 million** in 2023. Despite adjustments for non-cash items such as depreciation and finance costs, the company has not yet achieved sufficient operational profitability.

- **Working Capital Changes:**

- **Other Current Assets:** There was a net increase in **other current assets** from **₱99.43 million** in 2024 to **₱101.35 million** in 2025, which was a major contributing factor to the cash outflow in operating activities. This category reflects changes in inventory, receivables, and other short-term assets.

- **Trade and Other Payables:** There was a significant increase in **trade and other payables** in 2025 of **₱68.63 million**.

2. Cash Flows from Investing Activities

Investing activities represent cash spent on acquiring and disposing of long-term assets such as property, plant, equipment, and investments.

- **Net Cash Used in Investing Activities:**

- **6/30/2025: ₱(43,051,732)**

The company's investing activities in 2025 resulted in an outflow of **₱43.05 million**, which represents a reduction in cash for investments compared to previous years. However, this amount is still relatively modest compared to 2024.

- **Comparison with Previous Years:**

- **2024: ₱(94,722,499)** – The outflows were significantly higher in 2024, likely due to more aggressive investments or capital expenditures.

- **2023: ₱(44,019,334)** – The outflows were significantly higher in 2023, likely due to more aggressive investments or capital expenditures.

- **2022: ₱(246,999,074)** – In 2022, the company incurred much larger outflows, primarily driven by significant capital expenditures, especially in construction and equipment acquisitions.

- **Capital Expenditures:**

- **Property and Equipment:** In 2025 the company spent **₱21.78 million** on acquiring property and equipment, which is relatively low compared to the outflows in previous years (**₱26.29 million** in 2024, **₱3.24 million** in 2023, and **₱58.91 million** in 2022). This indicates a decrease in capital expenditures, possibly as the company shifts focus to operational matters or attempts to conserve cash.

- **Construction in Progress:** The company spent **₱21.26 million** in additions to construction in progress in 2024, a significant decrease from the previous years (**₱66.09 million** in 2024, **₱40.78 million** in 2023, and **₱188.08**

million in 2022). The reduced capital spending might indicate that major projects have been completed or postponed.

- **Intangible Asset:** There was a small amount (**₱2,988**) spent on amortizing intangible assets in 2025, reflecting minor investments in intangible property like software or licenses.

3. Cash Flows from Financing Activities

Financing activities show the cash inflows and outflows related to changes in the company's capital structure, including the issuance of shares, loans, and repayment of debt.

- **Net Cash Provided by Financing Activities:**

- **6/30/2025: ₱34.33 million**

Financing activities in 2025 provided a significant inflow of **₱34.33 million**, largely due to the proceeds from the issuance of shares at above par and share issuances.

- **Comparison with Previous Years:**

- **2024: ₱230,984,815** – Financing activities generated a much bigger cash inflow in 2024, indicating an increase in capital raising efforts.

- **2023: ₱6,465,027** – Financing activities generated a much smaller cash inflow in 2023, indicating a reduction in capital raising efforts.

- **2022: ₱317,567,716** – The company raised significant capital through financing activities in 2022, which helped fund its investments and cover operational losses.

- **Issuance of Shares:**

- In 2024, the company raised **₱46.80 million** through the **issuance of shares at above par value**, which reflects investor confidence and a strategy to generate capital to offset losses.

- **Loans and Borrowing:**

- The company received **₱168.09 million** in loans in 2024, which is higher than the amounts borrowed than the previous years (****₱13.71 million in 2023, ₱129.80 million in 2022**).

- **Repayment of Loans:** The company made **₱375,000** in loan repayments in 2025, significantly less than in 2024 when it repaid **₱13.60 million**.

- **Finance Costs:** The company paid **₱5.06 million** in finance costs in 2024, which is a decrease from the **₱16.97 million** paid in 2023, indicating a reduction in the company's borrowing costs or lower interest-bearing debt.

4. Net Increase (Decrease) in Cash

- **6/30/2024: (₱8,645,286)**

The company's cash position decreased by **₱8.65 million** in 2025.

- **Comparison with Previous Years:**

- **2024:** The cash balance increased by **₱27.42 million**

- **2023:** The company experienced a decrease of **₱50.05 million** due to significant outflows from operating and investing activities.

- **2022:** A cash increase of **₱37.67 million** was recorded due to increase in cash, driven by financing inflows.

5. Cash Position at Year-End

• 6/30/2024: **₱19,730,437**

The company's cash balance in 06/30/2025 stands at **₱19.73 million**, which is a notable improvement compared to **₱28.73 million** at the end of 2024. This improvement reflects the significant capital raised in 2025, providing the company with a healthier cash cushion to navigate future challenges.

• Cash Trend Over the Years:

- **2024:** Cash increased, driven by substantial financing inflows.
- **2023:** The company's cash balance declined sharply, mainly due to negative operating cash flow.
- **2022:** Cash increased, driven by substantial financing inflows.

6. Analysis

In 2025, the company managed to increase its cash balance, largely through operating, and financing activities, including **₱46.80 million** from the issuance of shares above par. However, it continues to experience significant outflows from operating activities due to high working capital needs. The company's cash burn in **investing activities** has decreased, reflecting a slowdown in capital expenditures. The company remains highly reliant on external financing to fund its operations, and its financial position is closely tied to its ability to raise additional capital or improve profitability. Given the recurring losses it will remain crucial for the company's ability to stay solvent and continue operations.

TRENDS, EVENTS and UNCERTAINTIES THAT HAVE HAD or THAT ARE REASONABLY EXPECTED TO AFFECT REVENUES OR INCOME as of 23 December 2024

There was no material commitment to capital expenditure, the decision to expand came after November when census was reaching 50's and subsequent plans for increase in bed capacity, provision of special care units (ICU), preparation of additional rooms and equipment and electronic medical record came into planning starting November. Our interim report is as of Sept 30 2024. At that point we had no significant capital expenditure.

1. Under the key performance indicator for liquidity, it is observed that over the past 3 years the ratio was below one, up until the interim report in the financial statement as of September 30, 2024 the quick asset ratio of 1.23 demonstrates adequate liquidity. Excluding inventory, the hospital can cover its short-term liabilities with its most liquid assets such as cash and receivables
2. If there is no profitability improvement, the high leverage will lead to more financial debt. The hospital's debt-to-equity ratio of 4.00 indicates it has Php4 of debt for every Php1 of equity, slightly up from 3.94 last year.
3. There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), or other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
4. The hospital has a high debt-to-equity ratio, if this continues to increase it might have an unfavorable effect on the hospitals' income.
5. There was a need to fund new facilities and equipment, as mentioned in the Key Performance Indicators. The hospital has secured a loan from Bank of the Philippine Islands (BPI), for the funding of the increase of the bed capacities of the hospital, needing new equipment and facilities. This resulted in a raise in the hospital's long-term debt. Due to the hospital's increase in bed capacity, the liquidity ratio will lower.

The hospital is facing significant financial challenges, as reflected in a negative net profit margin of -755%, meaning it loses Php7.55 for every peso of revenue. This highlights issues with patient admissions, reliance on affiliate doctors for referrals, and marketing. Despite these challenges, there is optimism for improvement in the coming quarters.

6. There were no significant figures of income or loss that did not arise from the pre-operations of the hospital.

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

KEY PERFORMANCE INDICATORS

FINANCIAL RATIO ANALYSIS

KPI

| | | 6/30/2025 | 12/31/2024 | 12/31/2023 | 12/31/2022 | REMARKS |
|----------------------|--|-----------|------------|------------|------------|--|
| 1. Liquidity | | | | | | |
| Quick Assets | $\frac{\text{Cash + Receivables}}{\text{Current Liabilities}}$ | 0.28 | 0.50 | 0.01 | 0.39 | As of June 30, 2025, The quick ratio of 0.28 indicates that the hospital currently has ₱0.28 in liquid assets (cash and receivables) for every ₱1.00 of current liabilities. This reflects a decline from 0.50 in 2024, primarily due to reduced cash levels and an increase in short-term obligations. While the ratio shows limited immediate liquidity, it remains within a manageable range as the hospital continues to generate operational cash inflows and improve collection efficiency. Notably, the quick ratio has significantly improved from the same period last year, highlighting progress in the Hospital's short-term financial stability and working capital efficiency. |
| Current Ratio | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | 2.60 | 2.96 | 0.78 | 1.00 | As of June 30, 2025, The hospital's current ratio of 2.60 demonstrates a strong short-term liquidity position. For every peso of current liabilities, the hospital holds ₱2.60 in current assets. Although slightly lower than 2.96 in 2024, the ratio indicates that current assets remain more than sufficient to cover short-term obligations. The ratio represents an improvement from the previous period, signaling enhanced short-term financial flexibility and more efficient management of working capital. The increase further reinforces the Hospital's ability to operate without liquidity strain in the near term. |
| 2. Solvency | | | | | | |
| Debt to Equity Ratio | $\frac{\text{Long Term Debt}}{\text{Equity}}$ | 3.10 | 3.26 | 3.94 | 3.11 | The debt-to-equity ratio of 3.11 indicates that the hospital has Php3.11 of debt for every peso of equity. This reflects a slight improvement from the prior year (3.26), showing a gradual reduction in leverage. While the hospital still relies significantly on debt financing, this trend suggests an effort to strengthen its capital structure and manage long-term financial risk. |

| 3. Profitability | | | | | | |
|---------------------------|---|-------|-------|-------|-------|--|
| Net Profit Margin | $\frac{\text{Net Income}}{\text{Total Revenue}}$ | -9% | -121% | 0.00 | 0.00 | The net profit margin improved significantly to -9% in 2025 from -121% in 2024, reflecting substantial progress in reducing operational losses. This means that for every ₱1.00 of revenue, the hospital incurred a loss of only ₱0.09 in 2025, compared to ₱1.21 in the previous year. The improvement was driven by higher patient volumes, better cost control, and lower financing expenses. Although still negative, the trend clearly shows that the hospital is on a recovery path toward profitability as operations continue to stabilize and expand. |
| Return on Equity | $\frac{\text{Net Income}}{\text{Stockholder's Equity}}$ | (.03) | (.26) | (.03) | (.03) | The return on equity (ROE) for 2025 stands at -0.03, indicating that for every peso of equity, the hospital incurred a loss of ₱0.03. While still negative, this represents a significant improvement from -0.26 in 2024. The enhanced ROE performance reflects the narrowing of losses and increased operational efficiency. As the hospital continues to grow its revenue base and manage costs effectively, ROE is expected to move toward positive territory in subsequent years. |
| 4. Leverage | | | | | | |
| Debt to Total Asset Ratio | $\frac{\text{Total Liabilities}}{\text{Total Asset}}$ | 0.76 | 0.78 | 0.82 | 0.79 | The debt-to-total asset ratio of 0.76 indicates that 76% of the hospital's total assets are financed through debt, a slight improvement from 0.78 in 2024. This downward movement suggests gradual deleveraging and improved asset financing through equity contributions and operational reinvestments. The trend reflects better balance sheet management and reduced dependence on external financing. |
| Asset to Equity Ratio | $\frac{\text{Total Asset}}{\text{Equity}}$ | 4.10 | 4.48 | 5.53 | 4.71 | The asset-to-equity ratio of 4.10 in 2025 indicates that for every peso of equity, the hospital has ₱4.10 worth of assets. This reflects a decrease from 4.48 in 2024, signifying an improving capital base and lower financial leverage. The consistent reduction in this ratio demonstrates strengthening equity and greater financial stability, positioning the hospital toward a more balanced and sustainable capital structure. |
| | | | | | | |

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board acknowledges the importance of maintaining a sound internal control system and risk management framework controls for good corporate governance; with the objective of fulfilling its mission and mandate. The Board affirms its overall responsibility for reviewing the adequacy and effectiveness of ACE-MZCI risk management and internal control system. This includes reviewing the adequacy and integrity of financial, operational, and compliance controls and risk management procedures.

In view of the limitations that are inherent in any internal control system, the Board ensures that this system is designed to manage the ACE-MZCI's key areas of risk within acceptable risk profile, rather than eliminate the risk of failure of achieving the Group's policies and objectives.

Therefore, the system implemented can only provide reasonable but not absolute assurance against material misstatement or loss or fraud.

The Board's objective is to ensure that ACE-MZCI has an appropriate system in place for the identification and management of risks, including the implementation of internal controls to address the risks identified.

INTERNAL CONTROL AND RISK MANAGEMENT

During the year under review and up to the date of this Management Report, ACE-MZCI has been proactive in its management of risks and control issues as demonstrated by the existence of policies, procedures, and strategies as illustrated below:

- ACE-MZCI has established an organizational structure with clear operating and reporting procedures, lines of responsibility, and delegated authority;
- Relevant senior management has been delegated with specific accountability for monitoring the performance of designated business operating units;
- Explanations on significant variances from budgets are provided to the Board on a monthly basis. This helps the Board and senior management monitor the ACE-MZCI operations and plans on a timely basis;
- Each office or department is responsible for its own identification and evaluation of key corporate risks applicable to their parts of operation and for managing how these risks are reduced, transferred to third parties, or insured;
- Each office or department maintains internal controls and procedures appropriate to its structure and corporate environment while complying with ACE-MZCI's policies, standards, and guidelines;
- The Internal Audit function conducts a systematic review of financial, managerial, and operational processes in order to provide independent assurance to management on the adequacy and effectiveness of internal controls. Where weaknesses are identified in the system of internal controls, management will take necessary measures to ensure that improvements are implemented.

Statement on Risk Management and Internal Control

The Treasury department manages the cash balances and exposure to currency transaction risks through treasury policies, risk limits, and monitoring procedures; and

- A Code of Ethics will be established to be adhered to by all employees to ensure high standards of conduct and ethical values in all business practices.

INTERNAL AUDIT

The Board intends to create an Internal Audit Services Committee (IAS) which is an independent function that reports directly to the Audit Committee. It will undertake regular review of the operations and system of internal controls based on annual audit plans to be approved by the Audit Committee. IAS will carry out the reviews with impartiality, proficiency, and due professional care.

The IAS findings will be discussed at the management level and actions will be agreed and taken upon in response to the IAS's recommendations. The progress of implementation of the agreed actions will be reviewed and verified by the IAS through follow-up reviews.

The Audit Committee will review all internal audit findings, management, responses, and the adequacy and effectiveness of the internal controls. Significant risk issues, if any, will be referred to the Board for consideration. The Audit Committee will report to the Board on a monthly basis of its deliberations and recommendations.

REVIEW OF ADEQUACY AND EFFECTIVENESS

The Board has reviewed the adequacy and effectiveness of the ACE-MCZI's risk management activities and internal control framework and ensured that necessary actions have been or are being taken to rectify weaknesses identified during the year.

The President and senior management have confirmed to the Board that the internal control system is operating adequately and effectively in all material aspects during the financial year and up to the date of this Report.

In this connection, the Board concludes that an effective system of risk management and internal control is in place in fulfilling its mission and mandate.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

The external auditor has reviewed this Statement for inclusion in the ACE-MCZI Annual Report for the financial year ended December 31, 2024.

EXTERNAL AUDIT FEES (SEC MC No. 14, Series of 2004)

The 2024 Audited Financial Statements of the Company and the Statement of Manager's Responsibilities are attached hereto as Annex E2.

There are no assurance related services by the external auditor that are reasonably related to the performance of the auditor or review of the Company's financial statements that were availed by the Company for the year 2023 and 2024.

THE AGGREGATE FEES BILLED ARE SHOWN BELOW:

Fees approved in connection with the Audit of the Annual Statements and assurance rendered by Florivel De Jesus Accounting Firm pursuant to the regulatory and statutory requirements for the years ended, December 31, 2023 amount to 350,000.00 exclusive of 12% VAT. December 31, 2022 amount to 250,000.00 exclusive of 12% VAT, December 31, 2021 amount to ₱ 26,000.00 exclusive of 12% VAT. All other fees for 2021, 2022 and 2023 include out of pocket expenses (OPE) such as Printing, Paper and Ink, Postage, Overtime meals, Transportation Communication i.e internet and calls. No tax service was rendered by the Auditor during the year.

| Year | 2026 (Estimate) | 2025 (Estimate) | 2024 | 2023 | 2022 |
|------------------------|--------------------|--------------------|----------------|----------------|----------------|
| Audit Service | PHP 425,000 | PHP 425,000.00 | PHP 360,000.00 | PHP 350,000.00 | PHP 250,000.00 |
| Value Added Tax | — | — | — | — | — |
| All Other Fees | — | — | — | — | — |

D. CERTAIN RELATIONS AND RELATED TRANSACTIONS

The Company has reviewed its transactions and relationships and confirms that there were no related party transactions during the 3rd quarter of 2025. Related parties are defined as individuals or entities that have the ability to control or significantly influence the financial and operating decisions of the Company. These include key management personnel, shareholders, and entities under common control.

Management has conducted a thorough review of all transactions and relationships to ensure compliance with the requirements for related party disclosures. Based on the review and assessment, the Company confirms that there were no related party transactions during the reporting period, and therefore, no related party disclosures for the year 2024.

E. MANAGEMENT AND CERTAIN SECURITY HOLDERS

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by the Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of its operations for its review. Currently, the Board consists of nine (9) members, of which two (2) are independent directors.

The table below set forth the members of the Company's Board as of 31 October 2025

| NAME | POSITION | AGE | CITIZENSHIP | OCCUPATION | BUSINESS/CLINIC |
|----------------------------------|--|-----|-------------|---|--|
| Ong, Romeo A. | Director/ Chairman | 73 | Filipino | Retired Government Employee/ ENT Doctor | Premier Medical Center Zamboanga |
| Lee, Patrick G. | Director/ Vice Chairman | 57 | Filipino | Businessman | ISUZU Zamboanga |
| Pichel, James Robertson C. | Director/ President & CEO | 50 | Filipino | Pediatrician/ Businessman | Premier Medical Center Zamboanga |
| Tamin, Jonathan John F. | Director/ Vice President | 47 | Filipino | Vascular, Cancer and Kidney Transplant Surgeon | Premier Medical Center Zamboanga |
| Gimena, Giovanni Paolo C. | Director/ Corporate Secretary & COO/Hospital Administrator | 54 | Filipino | General Surgeon/ Businessman | Premier Medical Center Zamboanga |
| Sahi, Lieza G. | Director/ Corporate Treasurer & CFO | 54 | Filipino | Pediatrician/ Neonatologist | Premier Medical Center Zamboanga; Zamboanga City Medical Center Department of Pediatrics |
| Tan, Yolanda M. | Board Member | 67 | Filipino | Businessman | Mercedes Shell Camins |
| Cerrillo, Alex Escolastico L. | Independent Director | 69 | Filipino | General Surgeon | Premier Medical Center Zamboanga |
| Policarpio, Ronald D. | Independent Director | 47 | Filipino | Lawyer/ Businessman | Romulo Mabanta Buenaventura Sayoc & Delos Angeles Law Office |

All the above were elected as Board of Directors and Officers of the Corporation for the year 2024 until their successors are elected during the Annual Stockholders Meeting of Allied Care Experts (ACE) Medical Center-Zamboanga City, Inc. (Doing business under the name and style of Premier Medical Center Zamboanga) held on 26 January 2026.

On 26 January 2026, the newly elected Directors conducted the election of positions as officers of the Corporation.

Other than the aforementioned Directors and Officers, the following persons occupy key management positions.

The Table below sets forth the company's executive officers who are not members of the Board as of 31 October 2025.

| NAME | POSITION | AGE | CITIZENSHIP | OCCUPATION | BUSINESS/CLINIC |
|----------------------------|--|-----|-------------|------------------|--|
| Estrella, Leila Nelia L. | Medical Director | 70 | Filipino | OB-Gyne | Premier Medical Center Zamboanga |
| Villanueva, Maylene B. | Compliance Officer | 44 | Filipino | Corporate Lawyer | Villanueva Balio and Ariston Law Offices |
| Landero, Diana Rose Y. | Data Protection Officer /Hospital Compliance Administrator | 29 | Filipino | | Premier Medical Center Zamboanga |
| Madrazo, Maurice Glaiza A. | Investment Relations Officer | 31 | Filipino | | Premier Medical Center Zamboanga |

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

The Issuer is a party in the pending intra-corporate dispute with damages entitled "Al-Rajid J. Jamiri, vs. Aesha Yahcob Pingli, Lilia Go, Lieza G. Sahi, James Robertson C. Pichel, Allied Care Experts Medical Center- Zamboanga City, Inc. and Securities and Exchange Commission Zamboanga Extension Office, represented by Atty. Jesus Salvador Uro" pending before the Regional Trial Court of Zamboanga City., Branch 12 [Civil Case No. 7229].

The Complaint for Intra-Corporate Dispute with Damages, dated 20 February 2024, was filed before the Regional Trial Court of Zamboanga City on 21 February 2024. The Principal Parties are as follows: Plaintiff - Al-Rajid J. Jamiri Defendants - Aesha Yahcob Pingli, Lilia Go, Lieza G. Sahi, (incumbent Treasurer) James Robertson C. Pichel (incumbent President) , Allied Care Experts Medical Center- Zamboanga City, Inc. and Securities and Exchange Commission Zamboanga Extension Office, represented by Atty. Jesus Salvador Uro.

The Plaintiff is praying for the 1] issuance of stock certificates of the Corporation in his favor in the amount of Php 12,000,000.00, 2] inspection of the corporate books, records, and minutes of the meetings of the Issuer, and 3] payment of loss of potential income, attorney's fees, and litigation Expenses.

The Plaintiff's avers that he paid the amount of Php 12,000,000.00 corresponding to Php 12,000,000.00 worth of shares of the stock of the Issuer despite only paying Php 1,550,000.00 appearing in the corporate records of the Issuer. The Plaintiff states that he was denied access to corporate books and records when the truth of the matter is that the Issuer never denied access to corporate books and records provided it shall be made during office hours. The Issuer filed its Answer with Counterclaims, dated 1 March 2024, on 4 March 2024 and has sought the dismissal of the aforesaid Complaint and was dismissed by the RTC last July 19, 2024. After the dismissal the Plaintiff forwarded the matter to the Court of Appeals.

On February 10, 2025, a copy of the Court of Appeals' Resolution dated December 13, 2024, which addressed several matters related to the ongoing petition for review under Rule 43 was received. The Resolution included the following directives and notes:

1. The Court granted the petitioner's motion for an extension to file the petition for review.

2. It noted the petition for review filed on August 22, 2024, subject to the submission of proof of electronic filing.
3. The Court instructed the petitioner to correct two specific deficiencies:
 - The complete, current, and actual addresses of the respondents, and
 - The affidavit of service.
4. The Court also acknowledged the Comment with Entry of Appearance filed on September 13, 2024, by Atty. Rena Joy C. Castigador of CTL Law Office, as counsel for the private respondents, including Allied Care Experts Medical Center–Zamboanga City, Inc.
5. It noted the petitioner’s Reply to the Comment, which was filed on November 4, 2024.
6. Finally, the Court directed the Securities and Exchange Commission (SEC) Zamboanga Extension Office to file a Comment on the petition.

On the following day, February 11, 2025, a Compliance was filed on the same day, formally informing the Court of Appeals, Twenty-Second Division, that the company has received the Resolution dated December 13, 2024, on February 10, 2025, in accordance with the Court’s directive.

Subsequently, on March 11, 2025, a copy of a Manifestation filed by the SEC Zamboanga City Office was received, through the Office of the Solicitor General. In the Manifestation, the SEC stated that it would not be filing a Comment on the petition, maintaining its position that its involvement in Civil Case No. 7229, and consequently in the present petition, is neither necessary nor indispensable for the full resolution of the petitioner’s claims.

On August 2025, the Company received a copy of the Court of Appeals Resolution dated 07 July 2025 noting the Petitioner’s Compliance filed on 12 February 2025 and the Manifestation of Respondent Securities and Exchange Commission Zamboanga Extension filed on 21 February 2025 stating that they do not intend to file a comment to the petitioners.

In the same resolution, the Court directed the parties to simultaneously file their respective memoranda in amplification of their positions in the case or a manifestation that they will no longer file a memorandum, within fifteen (15) days from notice with the case being deemed submitted for decision with or without said memoranda after the lapse of the period. On September 3, 2025, a compliance was submitted manifesting receipt of the said resolution and intention to submit the memoranda within the reglementary period, the last day falls on September 15, 2025.

On September 4, 2025, the petitioner filed his compliance and on September 12, 2025, a Memorandum for private respondents was filed.

On September 17, the petitioner filed his petitioner’s memorandum.

To date, the petitioner has complied with the electronic filing requirements and other directives issued by the Court of Appeals. The last pleading received was the SEC’s Manifestation, which was sent via registered mail. The most recent resolution received from the Court of Appeals remains the one dated

F. CORPORATE GOVERNANCE

The Company endeavors to comply with the recommendations set forth in SEC Memorandum Circular No. 24-Series of 2019. It is committed to a strong corporate governance with transparency and accountability as its hallmarks.

On 2 August 2024, the Board of Directors appointed its Compliance Officer as an initial step in ensuring that it will adhere to the highest standards of good governance.

On 6 September 2024, the Company constituted the Audit Committee, Corporate Governance Committee and Board Risk Oversight Committees.

On 16 December 2024, the Company established a Self-Assessment Survey by the Board of Directors and Board Committees. This evaluation system aims to measure and determine the level of compliance of the Board of Directors and top-level management with its Revised Manual on Corporate Governance. The Board Performance Assessment which is accomplished by the BOD indicates compliance ratings. It is submitted to the Corporate Secretary who compiles the data for assessment.

The minor deviations from the recommendations of the CG Code for PCs and RIs such as the, the Executive directors being more than non-executive directors and having a Member of the Board as Corporate Secretary were necessitated by the fact that the company is just started to operate and there is a need to tighten the purse that is achieved by having a founders perform dual or multiple roles. As soon as the finances of the Company is stabilized, the Company will ensure that it is fully compliant with all the SEC recommendations.

The Company will take further steps to strengthen adherence to principles and practices of corporate governance including sending its Directors to various training and programs conducted by the Institute of Directors and Center for Global Best Practices.

The 2024 SEC Form 17-A is available at the Company website stated in the 20-IS. Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of the said 2024 SEC Form 17-A free of charge, except for exhibits attached which shall be charged at cost. Any written request for a copy of SEC Form 17-A shall be addressed as follows :

**Allied Care Experts (ACE) Medical Center - Zamboanga, Inc.
(doing business under the name and style of Premier Medical Center Zamboanga)
Don Alfaro Street, Tetuan, Zamboanga City, Zamboanga Del Sur, 7000, Philippines**

Attention : Corporate Secretary